

The NATIONAL UNDERWRITER

OF INTEREST TO YOU?

● Fifty years ago, the world's pioneer in liability insurance, The Employers' Liability Assurance Corporation, Limited, wrote the first liability policy ever written in the United States. We have reproduced, as an interesting historical document for insurance men, that first liability policy which naturally differs considerably from those contracts you sell today.

It is our wish that every insurance agent and broker, every employee connected with any insurance office, who feels that he or she would be interested in owning a copy of this facsimile of the first liability policy written in the United States, should receive a copy. Hundreds have already written in, requesting a copy. Dozens have asked for additional copies.

Perhaps you would find it more interesting than you at present believe. To get your copy please write to the following address or if you prefer, telephone or write to the nearest Branch Office and they will take care of your request.

May we remind you that the world's pioneer in liability insurance, The Employers' Liability Assurance Corporation, Ltd., is one of The Employers' Group companies. The others in the group are The Employers' Fire Insurance Company and the American Employers' Insurance Company and together these three write practically every kind of insurance except life, including fidelity and surety bonds. If you are interested in establishing an agency connection, write to the same address, attention of the Agency and Production Department.



THE EMPLOYERS' GROUP

110 MILK STREET, BOSTON



THURSDAY, DECEMBER 24, 1936



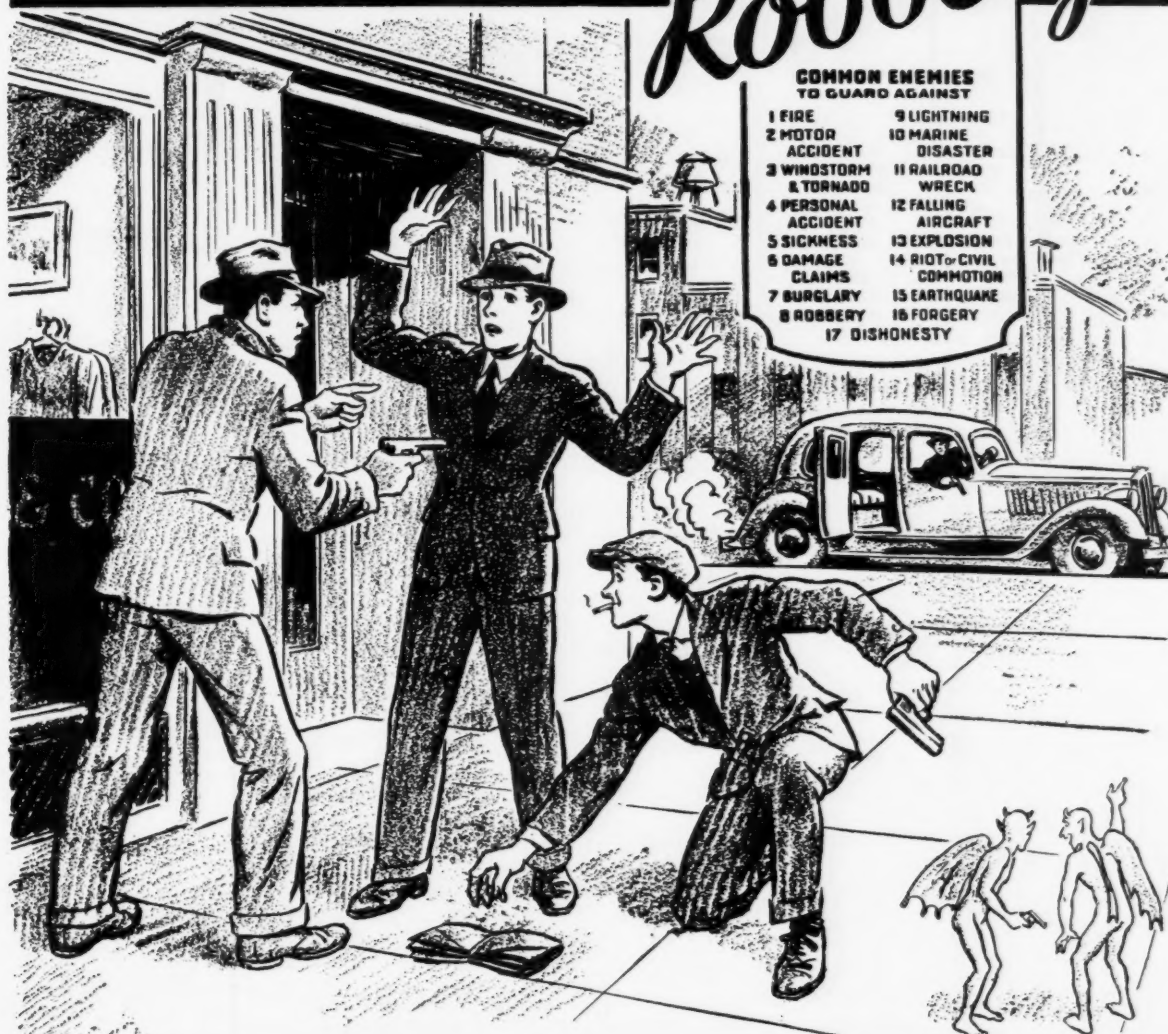
AMERICAN
COLUMBIA
DIXIE
BANKERS

Greetings
from
The American Group
Newark

© H. ARMSTRONG ROBERTS

PUBLIC ENEMY

No 8 Robbery



COMMON ENEMIES TO GUARD AGAINST

- | | |
|-----------------------|---------------------------|
| 1 FIRE | 9 LIGHTNING |
| 2 MOTOR ACCIDENT | 10 MARINE DISASTER |
| 3 WINDSTORM & TORNADO | 11 RAILROAD WRECK |
| 4 PERSONAL ACCIDENT | 12 FALLING AIRCRAFT |
| 5 SICKNESS | 13 EXPLOSION |
| 6 DAMAGE CLAIMS | 14 RIOT or CIVIL COMMOION |
| 7 BURGLARY | 15 EARTHQUAKE |
| 8 ROBBERY | 16 FORGERY |
| | 17 DISHONESTY |

Robbers have victimized the thrifty since history began, and NO DAY PASSES without its record of brutal holdups often ending in tragedy.

Despite police vigilance and all the safeguards society has devised, the GUNMAN lurks close by—ready to strike in the most unexpected places.

Forewarned by experience, the prudent man arms with INSURANCE, the only sure way to recoup financial loss from burglary, theft or ROBBERY.

LOYALTY GROUP

Firemen's Insurance Company of Newark, New Jersey—ORGANIZED 1855

The Girard Fire & Marine Insurance Co. ORGANIZED 1853
 The Mechanics Insurance Co. of Philadelphia " 1854
 Superior Fire Insurance Company " 1871
 The Metropolitan Casualty Insurance Co. of N.Y. " 1874

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844 RUSH STREET, CHICAGO, ILLINOIS

CANADIAN DEPARTMENT

461 BAY STREET, TORONTO, CANADA

EASTERN DEPARTMENT

10 Park Place
 Newark, New Jersey

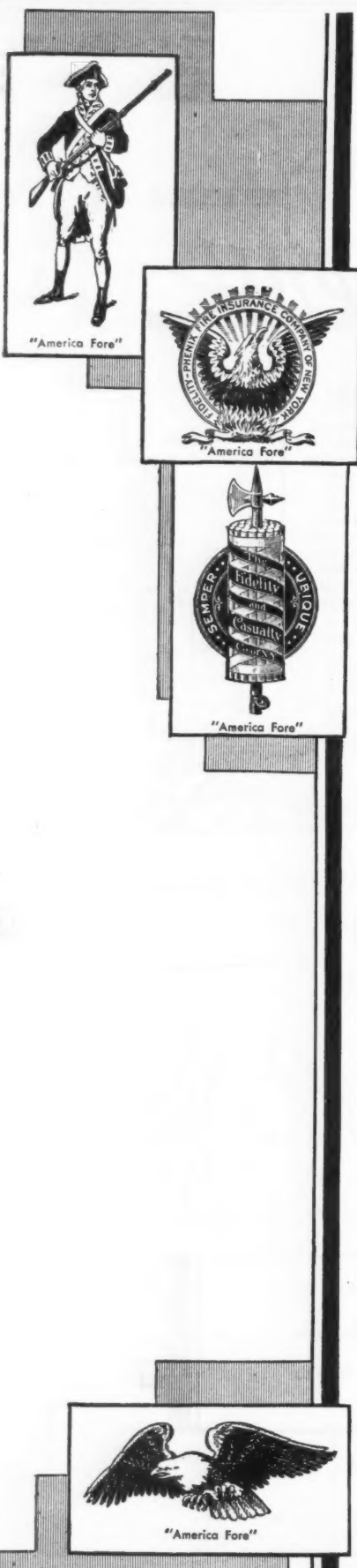
Milwaukee Mechanics' Insurance Company ORGANIZED 1852
 National-Ben Franklin Fire Insurance Co. " 1866
 The Concordia Fire Insurance Co. of Milwaukee " 1870
 Commercial Casualty Insurance Company " 1909

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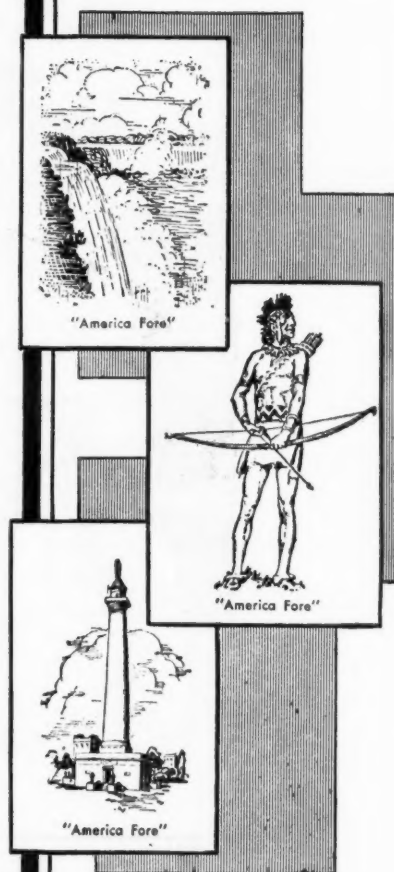


GREETINGS — To Insurance Men

In the prevailing Yuletide spirit, on behalf of myself and the entire America Fore organization, I wish to extend our Christmas greetings, and our hearty thanks to you agents and brokers whose warm, loyal friendship for the America Fore Group has built it into the outstanding organization which it is today.

It is my sincere hope that 1936 has been a good year for you and that 1937 and the succeeding years will be continuously better, bringing you health, happiness and prosperity in the fullest measure.

Bernard M. Culver,
PRESIDENT



America Fore Insurance

THE CONTINENTAL INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY
FIDELITY-PHENIX FIRE INSURANCE COMPANY
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane,



and Indemnity Group

NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE
THE FIDELITY AND CASUALTY COMPANY

ERNEST STURM, Chairman of the Boards
BERNARD M. CULVER, President

New York, N.Y.

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL

The NATIONAL UNDERWRITER

Fortieth Year—No. 52

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, DECEMBER 24, 1936

\$4.00 Per Year, 20 Cents a Copy

New 6% Plan Is Stirring Debate

Agents Organizations Lodge Protests Against Pro Rata Cancellation Feature

FIND DIVERGENT VIEWS

Some Companies Are Pushing Arrangement With First Bancredit Corporation—Others Are Cool

The new 6 percent simple interest financing plan of the First Bancredit Corporation of St. Paul, with provisions for pro rata cancellation, is currently a subject of much discussion.

This plan was brought out jointly by the First Bancredit Corporation and the St. Paul F. & M. Later it was extended to provide for the financing of premiums of any association stock company that desired to sign an agreement with the First Bancredit. Practically all of those companies have now signed.

The First Bancredit has been conducting quite a campaign to inform the business about the new plan and to popularize it. Some of the companies have joined in this effort.

Controversy Develops

It is understood that some of the insurance departments are looking into the matter. The New York State Association of Local Agents has filed a protest against the plan with the New York department. The New Orleans Insurance Exchange adopted a resolution, directed to the National Association of Insurance Agents, asking that the National association request the companies to rescind their agreement with the First Bancredit. The governing committee of the Western Underwriters Association has caused an analysis to be made of the plan but has taken no action as yet.

The controversy centers chiefly about the provision for a pro rata cancellation. Before financing the premiums of any insurance company, the First Bancredit Corporation gets an agreement from the insurer that in case the assured defaults in the payment of any installment to the finance company, the insurer will cancel and return the unearned premium to the finance company on a pro rata basis.

The agents that have expressed objections to the plan contend that it places their business in unusual jeopardy. That is, an assured whose premium is being financed can switch his insurance from one agent to another in mid-term, without suffering the penalty of short rate cancellation, merely by defaulting in his payments to the finance company. Some contend that this is a discrimination against assured who pay premiums in cash direct to a company or its agents.

The opinion of company people seems to be divided. Some are enthusiastically espousing the plan, are urging their

(CONTINUED ON PAGE 22)

F. U. A. P. Annual Meeting Program Is Now Completed

SIMPSON TO GIVE REPORT

Prominent Speakers to Address San Francisco Gathering Feb. 3-4—Schedule Annual Banquet

SAN FRANCISCO, Dec. 23.—A wide variety of topics will be covered by prominent speakers at the annual meeting of the Fire Underwriters Association of the Pacific here Feb. 3-4. President H. L. Simpson will open the two-day program with his annual address.

"Oddities in Insurance Laws" will be discussed by Fred Clarke, Seattle, Wash., insurance attorney. Herbert Cobb Stebbins of Cobb & Stebbins, Denver general agency, will talk on "General Agencies."

Others on the program and their subjects, are: "A Description of a Co-ordinated Fire-Casualty Automobile Department," Milton C. Kennedy, manager automobile department Hartford Fire, San Francisco; "Conflagrations and the Elements Causing Them," Elmer W. Bonstin, vice-president Pacific National Fire, San Francisco; "Unrest," John Noble, manager Vancouver, B. C., rating bureau; "Salesmanship in Our Business," Raymond L. Ellis, assistant secretary Fireman's Fund, San Francisco; "My Observations," Carl N. Homer, manager fire department, Swett & Crawford general agency, San Francisco.

Competition to Be Discussed

"Meeting Competition," will be considered by Harry W. Nason, assistant secretary America Fore, San Francisco; "The Policyholder's Viewpoint," by F. S. Dauwalter, director Business Development Office, New York; "Cooperation Between Companies and Agents," G. C. Appleton, president California Association of Insurance Agents, Fresno, Cal.; "Work in Your Own Back Yard," R. W. Doe, vice-president Safeway Stores, San Francisco; "Keep Your House in Order," Commissioner Smith of Utah, and "Underwriting in the Orient," Arthur M. Brown, Sr., Edward Brown & Sons general agency, San Francisco.

This year's annual banquet will be held at the Hotel Fairmont, Feb. 4, under the direction of a dinner committee, consisting of: W. F. Fotheringham, Aetna Fire; L. S. Gregory, Fireman's Fund; R. R. Robertson, London & Lancashire, and Walter Van Orden, Pacific Factory Insurance Association.

Revive Old Knapsack

Revival of the 57-year old famous "Knapsack" with this year's annual banquet, is being looked forward to in anticipation of much pleasure. A humorous sketch of the insurance business and those in it, the "Knapsack," originated in 1879, was long a popular feature but has not been staged since the annual meeting of 1924.

On the evening of Feb. 1, the San Francisco Blue Goose will hold its annual dinner dance. R. R. Robertson of the London & Lancashire is chairman of the committee in charge.

The new vice-president to be advanced, according to custom, to the

(CONTINUED ON LAST PAGE)

Hartford Wins Retrial in CCC Cotton Loss in Texas

ST. PAUL VICTORY SET ASIDE

Court Reconsiders, Saying Hartford Contract Is Excess Cover, Not "Other Insurance"

Judgment in favor of the St. Paul F. & M. has been set aside in the federal district court for the northern district of Texas and a new trial has been granted in the much publicized Garza County Warehouse & Marketing Association case.

In the first trial the St. Paul F. & M. was absolved of liability under its policy covering cotton in the Garza county warehouse. Under that decision, the Hartford Fire, which carries the excess cover for the Commodity Credit Corporation, would have to pay.

In granting the motion for a new trial, the court referred to paragraph 7 in the St. Paul policy, reading:

Recalls Main Issue

"Excess insurance. It is understood and agreed that this insurance does not cover any cotton on which the owner has other insurance which would attach if this insurance had not been issued, except on the value, if any, in excess of such other insurance."

The court recalled that at the time of the trial the principal issue around which the controversy centered was the ownership of the cotton. It was insisted in the trial that the Hartford policy to CCC was not issued to the owner. The

(CONTINUED ON PAGE 34)

Local Agents' Mid-year Meet in Omaha in April

The 1937 mid-year meeting of the National Association of Insurance Agents will be held at Omaha, Neb., early in April, with official headquarters at the Hotel Fontenelle.

Decision to hold the meeting in the mid-western city was reached by mail ballot of the executive committee, following the meeting in New York two weeks ago of the executive officers. Omaha has been in the running for some time as a potential convention city. It made a strong bid for the 1936 mid-year meeting which was subsequently awarded to Atlanta.

Central Location

The central location of Omaha, and its easy access to a large number of members was a governing factor in its selection. There was also a strong feeling that the time has come when a convention should be held in that section of the country. Contributing in large measure to the decision was the desire to compliment Arthur B. Dunbar of that city, popular member of the National association's executive committee.

The Nebraska Association and the Omaha Association of Insurance Agents will be joint hosts to the meeting. George W. Cowton, Grand Island, is president of the former, and Philip W. Downs of the latter. Committees will be announced at an early date.

Study New Draft of Illinois Code

Lawyers' Committee Completes Work and Copies Now Generally Available

IMPROVEMENT IS NOTED

Suggestions May Be Submitted Until Jan. 11—Several Controversial Provisions are Retained in Bill

Copies of the new Illinois insurance code, drafted by the insurance section of the Illinois State Bar Association, are now available. Owing to the delay in getting printed copies, the time for the submission of suggestions has been extended to Jan. 11. Copies may be obtained at \$1 each from Homer Landau & Co., printers, 458 East 30th Street, Chicago.

The work of drafting the new code engaged the attention of insurance men as well as of lawyers interested in insurance. Among those taking part were Harry S. Moser, chairman of the insurance division of the Illinois Bar Association; Professor Havighurst, of Northwestern University, chairman of the drafting committee; and Frank Young of the Illinois insurance department. The drafting committee included also Whitney Campbell, Hendrik Folonic, of Hicks & Folonic; David J. Kadyk, representing London Lloyds; Elmer M. Leesman, Russell H. Matthias and E. V. Mitchell, Continental Casualty, all of Chicago except Mr. Young. Other members of the insurance section taking part were Joseph H. Braun, Burton P. Sears, Sears, Roebuck & Co., and Donald T. Winder, consultant to fraternal.

Points That May Be Opposed

Generally the new code is expected to be acceptable to most companies. The fire companies will not like the new New York standard form of fire policy, incorporated in the code. There will be some objection to permitting fire companies to write casualty and casualty companies to write fire. There may be a contest on the London Lloyds provisions. Foreign companies again are expected to oppose the investment requirements.

The classification of insurance that would bar the Aetna Life and the Travelers from writing workmen's compensation and automobile liability is incorporated in the new code. Those companies won an amendment to the old code that would permit them to continue their established lines of business.

Life Insurance Provisions

Life companies are permitted to buy common stocks, under strong restrictions. There is a limitation of acquisition costs on life business. Home companies writing both participating and non-participating must keep separate accounts and can take only 10 percent of

(CONTINUED ON LAST PAGE)

Insurance Angles Found in Equity Corporation Probe

SEC CONDUCTS A HEARING

David Milton, Superintendent O'Malley and P. B. McHaney Are Among Witnesses in Washington

The complicated setup and transactions centering about the Equity Corporation were again brought out in a hearing before the Securities & Exchange Commission in Washington. Just previously, much the same ground was covered in the hearings before the Sabath congressional investigating committee in Chicago, when that committee was looking into life insurance company receiverships and reorganizations.

David M. Milton, president of Equity Corporation and son-in-law of John D. Rockefeller, Jr., was one of the principal witnesses in Washington, as he was before the Sabath committee. Another witness in both places was Superintendent O'Malley of Missouri. P. B. McHaney, former counsel of the Missouri department, and now one of the trustees of the General American Life of St. Louis, was also a witness in Washington.

Equity Furnished Funds

Equity Corporation furnished the funds for organizing the General American Life, which then took over the business of the old Missouri State Life. Mr. McHaney testified that Mr. O'Malley was convinced by Mr. Milton's background and reputation that he was dealing with "the right kind of people." Mr. Milton's name was introduced to Mr. O'Malley, according to Mr. McHaney, by Walter Head, now president of General American, and Arthur Coburn, now vice-president of Southwestern Life.

"Were any questions asked about Mr. Milton's financial background?" counsel for the committee asked Mr. McHaney.

"I know that Mr. O'Malley and the insurance department knew that he was connected with the Rockefeller family."

"What impressed you and Mr. O'Malley that you had the right kind of people so far as this deal with concerned?" the witness was asked.

"The standing of Mr. Head and Mr. Coburn were all factors, combined with Mr. Milton's reputation and background."

Rockefeller Money

The counsel for the committee undertook to prove that Mr. O'Malley had thought that the Rockefeller money was coming to the rescue of Missouri State Life, whereas the \$2,000,000 that was put up came chiefly from one of the subsidiaries of Equity Corporation, in which Mr. Milton had acquired control for a comparatively small investment.

It was brought out that Mr. Milton gained control of investment trust and insurance company resources estimated at \$218,000,000 by an initial outlay in cash and 6,500 shares in stocks. The testimony indicated that Mr. Milton supplying one-third, and his partner, Ellery Huntington, two-thirds, used cash amounting to \$41,000,000 and 19,000 shares of American Colony Insurance Company stock to acquire control of the Consolidated of New York, which in turn controlled the Oceanic Insurance Company, which owned one-quarter interest in Equity Corporation.

The testimony further showed that Mr. Milton and Mr. Huntington, through their control of Underwriters Equity Corporation, sold on May 19, 1933, \$900,000 stock in American Colony and Colonial States Fire to the Interstate Equities Corporation, a subsidiary of Equity Corporation.

Also that six days later they bought for \$1,000,000 a controlling interest of 1,500,000 shares in Equity Corporation with the funds obtained from sale of

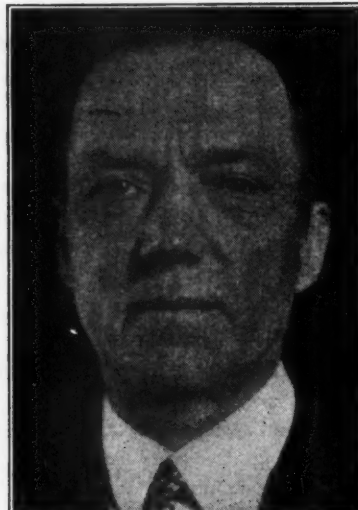
Eastern Underwriters Elect



W. ROSS MCCAIN
New President

The Eastern Underwriters Association elected W. Ross McCain, president of the Aetna Fire, president, succeeding R. P. Barbour, United States manager of the Northern Assurance. It was Mr. Barbour's second term.

R. R. Martin, United States manager of the Atlas, and Montgomery Clark, president of the Hanover, were named vice-presidents, and B. M. Culver, president America Fore, was reelected treas-



R. P. BARBOUR
Retiring President

urer. The 10th anniversary dinner was held after the meeting.

The business session took up annual review of the agency balance committee, headed by Elliott Middleton, assistant United States manager of the Sun; and the rate and rating methods committee, of which F. C. Hatfield, vice-president Phoenix of Hartford, is chairman. Sumner Rhoades, manager, also gave his report.

insurance stocks to the Interstate, a subsidiary of Equity.

Also that on Dec. 1, 1935, Equity in addition to its own resources of \$33,000,000, controlled General American Life, United Founders Corporation and North Star Life.

Beattie N. Y. Underwriters State Agent in Tennessee

LOUISVILLE, Dec. 23.—Paul M. Beattie, who for several years has been in the field service in Kentucky and Tennessee of the London & Lancashire Fire, under John L. Smith, state agent, is resigning shortly to become state agent of the New York Underwriters in Tennessee, also assisting State Agent John P. Young in Kentucky, under a program whereby Kentucky and Tennessee will be handled out of Louisville. Mr. Young has been state agent for the New York Underwriters for a number of years. The Tennessee field has been under H. C. Chase of Nashville, state agent, who is retiring after 25 years' service. He

started in the western Pennsylvania field, later being transferred to Kentucky and Tennessee.

Mr. Beattie is a graduate of Purdue University and was with the Kentucky Actuarial Bureau before joining the London & Lancashire.

Honor Bailey's 60 Years

C. Weston Bailey's completion of 60 years' service with American of Newark was commemorated by his associates at an informal dinner tendered him by the officers of the company in Newark. No speeches were made. All company officers attended, including Robe Bird, vice-president, from the western department office at Rockford, Ill., and H. P. Jackson, president Bankers Indemnity.

Joins U. S. Aviation Group

The Fidelity & Guaranty Fire has become a member of the U. S. Aviation Underwriters, of which its running mate, the U. S. F. & G., has been a member for some time.

Motive Suggested for the Ruinous Course Followed

STUDY RECIPROCAL'S HISTORY

Eagerness of Buyers of Payne's Interest to Pay Off Indebtedness May Have Impelled Expansion

Those who have been following the troubled affairs of the Manufacturing Lumbermen's Underwriters of Kansas City and of its attorney-in-fact, Rankin-Benedict Underwriting Company, have been interested to know just why it was that this organization after having operated successfully and conservatively for about 35 years, suddenly embarked upon a ruinous course of underwriting. In 1933, Manufacturing Lumbermen's Underwriters, theretofore a specialist in the lumber business, opened wide the throttle, solicited general classifications including the hazardous truck cargo line, wrote non-assessable policies and went out on a big premium hunt.

Liquidating Indebtedness

One explanation seems to be that following the death of G. Mortimer Payne, who was president of Rankin-Benedict Underwriting Company, those who had been associated with him committed themselves to purchase his interests in the corporation. One of his associates, at least, purchased a large share of Mr. Payne's interests under contract and some believe that it was because of the desire of this man to liquidate his indebtedness as rapidly as possible that the exchange plunged into its short lived era of expansion. Inasmuch as the attorney-in-fact is compensated by a straight percentage of the business written, the greater the volume, the greater the reward for the attorney in fact, at least for the time being.

The controversy in federal court in Kansas City as to whether a reciprocal can properly be adjudged a bankrupt under the federal statutes recalls the decision rendered Dec. 4, 1929, by Federal Judge Sanborn of the federal court at Minneapolis holding that a reciprocal is subject to such adjudication. The decision was against the Minnesota Insurance Underwriters, formerly operated by M. E. Bean Company. Bean is an operator who has been almost continuously playing hide-and-seek with the insurance authorities. Judge Sanborn was at one time insurance commissioner of Minnesota.

Unincorporated Company

"Under the facts and the law applicable to them," the decision of Judge Sanborn declared, "it is clear that a reciprocal or inter-insurance exchange is something more than a partnership and something less than an insurance corporation, and falls within the classification of unincorporated companies, and is therefore subject to adjudication in bankruptcy."

The question arose under the terms of the bankruptcy act, which includes "any unincorporated company" among those subject to adjudication, but excludes municipal, railroad, insurance or banking corporations.

Preference Was Alleged

In the spring of 1929 a petition in bankruptcy was filed against the Minnesota Insurance Underwriters, alleging that the exchange had applied to the district court of Hennepin county for the appointment of a receiver and that it had permitted the state of Minnesota to obtain a judgment against it on Dec. 7, 1928, and thereby to obtain a preference over other creditors. The petition in bankruptcy was referred to a master, who ruled that the exchange was not subject to the bankruptcy law. The master's report was overruled by Judge Sanborn.

Judge Sanborn's ruling that a reciprocal falls within the classification of

(CONTINUED ON PAGE 22)

THE WEEK IN INSURANCE

Much controversy is arising regarding the new 6 percent financing plan made available by the First Bancredit Corporation. Page 3

Hartford Fire wins reversal of decision by Texas court in connection with its Commodity Credit Corporation excess contract. Page 3

Copies of the redrafted Illinois insurance code bill are now being distributed and are being studied with much interest. Page 3

Fire Underwriters Association of the Pacific completes program for annual meeting Feb. 3-4 in San Francisco. Page 3

Ernest Sturm, chairman of the America Fore companies, dies unexpectedly. Page 5

Motive is suggested for the ruinous underwriting course followed by Manufacturing Lumbermen's Underwriters. Page 4

Increasing necessity for bankers to be well informed on their insurance problems is pointed out in article in "The American Banker," by A. Wilbur Nelson, assistant to general manager National Board of Fire Underwriters. Page 5

Brokers' license ordinance carrying \$25 fee requirement, heavy penalties, passed Chicago city council; many general and life agents may be affected. Page 5

Much confusion still exists in the long haul trucking field. Page 25

Arguments are concluded in casualty companies' dispute with Commissioner DeCelles over Massachusetts rate cut. Page 26

Retrospective compensation rating plan acted upon by several states. Page 26

H. H. Cleveland is elected president of the Bituminous Casualty. Page 27

Chicago Brokers License of \$25 Voted by City Council

IS IMMEDIATELY EFFECTIVE

Difficulty of Proving Broker Is Broker May Be Strongest Defense for Producers

A license ordinance was passed by the Chicago city council to require brokers to pay a \$25 annual license fee. This supersedes a \$25 license law that was ineffective. Chicago brokers whose long fight against the old \$25 license ordinance was successful but who seem to have been outmaneuvered by city officials this time, are not worried.

It seems unlikely that there will be any effort of Chicago brokers to comply; rather they will adopt a program of passive resistance and rest on the peculiar status of an insurance broker, which contains many functions of agency. Leading brokers say it will be difficult for the city to prove in any individual case that a broker is a broker, but on the other hand a broker easily can prove he is an agent.

Based on Last Minute Amendment

The beginnings of the newer ordinance go back to the closing hours of the legislative session in December, 1935, when the agents and brokers qualification bill was on third reading and seemed assured of passage. Then an amendment ascribed to the pen of Barnett Hodges, Chicago corporation counsel, was filed setting forth: "Nothing in this act contained shall affect the power of cities and villages to tax, license and regulate insurance brokers. The requirement hereof shall be in addition to the requirements of any existing or future ordinance of any city or village so taxing, licensing or regulating insurance brokers."

In brief, the brokers say, the "cities and villages" state act did not permit cities and villages to tax, license and regulate insurance agents, who are the medium for remitting the 2 percent fire department tax (such might have been found double taxation), but did not exempt insurance brokers. The brokers see in the last minute amendment proof that the Chicago city administration at that time contemplated the new brokers license ordinance.

See Bit of Legal Jockeying

The brokers had checkmated the city under the old ordinance. An injunction had been secured against collecting the license fee, under the theory there was in force a state licensing act. That, however, was ruled unconstitutional by the Illinois supreme court. Recently the city of Chicago sought to have this injunction set aside, the Insurance Brokers Association of Illinois entering an appearance in that case. The brokers feel the fight over the injunction, with the threat of possible collection of the old fee retroactively for many years, was primarily to drive them to pay the \$25 fee under the new ordinance as being less expensive.

The corporation counsel's office calculated a revenue of at least \$75,000 from the proposed ordinance. This was on the basis of a license fee of \$50 initially proposed, thus indicating an expected licensing of 1,500 brokers.

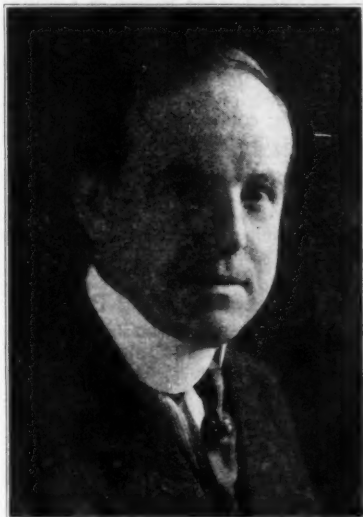
Many Would Be Affected

There are estimated to be in Chicago, however, about 4,000 individuals holding brokers licenses, some 2,000 being bona fide brokers and the remainder agents who have secured the licenses to place business with companies other than their own, and real estate men and others, including many life agents. Most of the leading offices carry brokers licenses for this purpose. The brokers concede that a \$25 annual fee would squeeze out many producers. Some leading brokers feel this would be desirable, but the majority consider the tax would be onerous

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Ernest Sturm, America Fore Chairman, Dies

NEW YORK, Dec. 23.—Ernest Sturm, chairman of the boards of the seven companies of the America Fore group, died shortly after 9 o'clock Tuesday morning at his home in Brooklyn, following a heart attack. He had been



ERNEST STURM

away from the office only a week and his illness was not thought to be serious. He was 58 years old.

Mr. Sturm began his insurance career as an office boy with the Continental in 1892 after going through grammar and preparatory schools. A year later he became a clerk in the loss department and in 1910 became cashier of the Continental and the Fidelity Fire. In the meantime he had studied finance and law at New York University, receiving his L.L.B. degree and in 1903 was admitted to the New York bar.

He was appointed financial secretary of the Continental and Fidelity-Phenix in 1911, secretary and treasurer in 1920, vice-president and secretary in 1923 and chairman of the boards in 1924.

Outside Connections

Mr. Sturm's other titles included president and director, Fire Companies Building Corporation; president and director, American Eagle Investment Company; trustee, Central Hanover Bank & Trust Company of New York; member advisory board, Chase National Bank of New York; director, Atlanta & Charlotte Airline Railway; director, Shell Union Oil Co.; director, American Type Founders, Inc.; member finance committee, National Board of Fire Underwriters; member insurance committee, Chamber of Commerce of New York State; and trustee, Insurance Executives Association. He was a member of the Richmond County Country Club and Lido Country Club.

Mr. Sturm was a world traveler and spent many summer vacations with his family in Europe, Africa and the Mediterranean. He had a collection of rare first editions, autographed manuscripts which ranks with the leading collections in this country. As chairman of the board of the large America Fore insurance and indemnity fleet, he established a reputation as an outstanding investment expert in the handling of the companies' assets and in managing their affairs. In his relations with employees of the home office and in the field, Mr. Sturm was known for his consideration for those who were in any kind of difficulty. When members of his executive and sub-executive staff were ill he

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Urges Bankers to Engage Sound Insurance Counsel

NEW YORK, Dec. 23.—Why it is increasingly important for bankers to have a sound knowledge of insurance is related in an extended article in the current issue of "The American Banker," by A. Wilbur Nelson, assistant to the general manager of the National Board. The bank must give thought to its own buildings, its trust properties, its clients' properties, and its real estate foreclosures, Mr. Nelson writes.

Pointing out that a banker would not enter into an agreement involving thousands or even hundreds of thousands of dollars without consulting his lawyer or place confidence in an uncertain enterprise whose failure might involve losses running into similar figures, Mr. Nelson stresses the desirability of engaging sound insurance counsel in insurance affairs—an insurance agent or broker who knows his business and has the company connections which enable him to serve adequately and efficiently.

Needn't Go to Metropolis

"This does not necessarily mean," he continued, "that you must 'go to the metropolis' for counsel—that is, for a competent insurance adviser—for even the smallest stock company insurance agent in the smallest town or village may call upon any and all departments of the companies he represents for any expert advice, technical information, fire prevention and safety engineering service or the like that he may require for his clients or customers and it will be readily forthcoming. . . .

"It is up to the banker to utilize these services and avail himself of the opportunity to better safeguard his interests

not only financially through insurance but by improving the physical condition of properties as well. For example, one of the best ways to prevent fire is to build against fire. In the first field of interest, the banking property itself, it is important that the planning of new structures and the rebuilding of old ones be done with protection against fire carefully in mind.

Rural Bank's Position

"In rural communities it is not uncommon for a single bank to supply financial credit to a majority of the farmers and other property owners in that section. Where the above is true, it is exceedingly important that the lending bank protect itself thoroughly by making sure the properties on which it is lending money are completely insured against hazards which might cause sweeping destruction. Without insurance there should be no credit as it would be disastrous indeed to a small town bank to have a conflagration, tornado or flood wipe out at one time a number of properties in which the bank has an interest.

"Fire on dairying and livestock properties may be particularly disastrous to the banker holding farm mortgages because of the shrinkage in value if the property is left vacant. Therefore, great care should be taken of such property to see that it does not burn, because even if it is insured, a destructive fire might cause ultimate financial loss to the bank."

Mr. Nelson listed a number of the insurance side-lines which he pointed out may often achieve main importance.

Master Takes Testimony in General's Suit in Michigan

DETROIT, Dec. 23.—Hearings on the contest between the General of Seattle and the Michigan department over the fire company's disapproved 20 percent deviation have been held before the federal court master in chancery, W. S. Sayre. Commissioner Ketcham and Deputy Commissioner Corell represented the department.

Some time ago, Federal Judge Moinet refused the company a declaratory judgment on the basis of its petition in which it sought to force the commissioner to reinstate approval of the deviation filing which had been accepted as of Feb. 1 but suspended as of May 15. The court ruling, however, permitted the company to go ahead with the case on its merits, with a master designated to take testimony and make recommendations to the court.

Mr. Corell, who signed the original approval letter and later the communication rescinding that approval, was questioned at length by the company's chief counsel, Ralph S. Pierce. The company questions the right of the department to rescind the order on the basis of the reasons given, chiefly that a general lowering of fire rates by all companies had made continuance of a deviated schedule unjustifiable.

The company claims that its experience in other states on a deviated basis has been satisfactory and that the lowering of Michigan rates was only in a limited classification which would have little effect on general experience.

Felix F. Kurz, vice-president of the General, was present at the hearing and gave testimony as did the company's secretary and underwriter. The company's Michigan agency, Kelly, Halla, Peacock, was also represented.

A California license has been issued to the State Farm Fire of Bloomington, Ill., with Alfred M. Stanley of Berkeley as representative.

Lawyers Granted \$412,000 in Missouri Rate Case

JEFFERSON CITY, MO., Dec. 23.—Circuit Judge Sevier has added to the fat fees in the fire insurance rate cases by awarding \$412,593 in new allowances to various attorneys and other individuals for services rendered.

The attorneys who participate in the rate cases are John T. Baker, former attorney-general; F. E. Jacobs, former congressman, and G. C. Weatherly, former associate attorney-general, who acted as special counsel for the Missouri insurance department in connection with the so-called restitution cases that grew out of the 10 percent fire rate case litigation between 1922 and 1929. They will be paid \$137,532 each unless some higher court declines to permit this deduction of fees from the \$2,750,643 excess premiums turned over to the Cole county circuit court by various insurance companies. The money is due to policyholders who could not be located by the companies. These same companies have already refunded upwards of \$10,000,000 direct to the policyholders they could locate.

McKittrick Opposes Move

Judge Sevier held that this total of 15 percent in attorneys fees was a proper and reasonable charge against the funds of the policyholders. He rejected the contention of Attorney-general McKittrick that the entire \$2,750,643 belongs to the policyholders and should be paid to them alone, and that the lawyers should be paid their fees from other state funds.

Mr. McKittrick filed a motion for a rehearing but it was refused by Judge Sevier. It is reported that he will appeal to the Missouri supreme court to protect the policyholders from this new legal raid on their funds.

The two custodians of the fund, H. P. Lauf and L. H. Cook, both of Jeffer-

son City, have been allowed \$48,000 each, and their attorney, Gilbert Lamb, \$26,000 from the same funds.

Barker, Jacobs and Weatherby also shared in \$500,000 in legal fees paid to various attorneys in connection with the compromise settlement of the 16% percent rate increase cases of June, 1930. The split up of this \$500,000 has never been revealed to the Missouri policyholders.

St. Louis newspapers carried strong editorials criticizing the three awards. There is also evidence of widespread public disapproval.

Pearl in Louisville

LOUISVILLE, Dec. 23.—The Pearl has finally entered Louisville, and will be represented by Louisville Board companies, through the Liberty Fire, and the Carpenter & Burba agency. William Schreiber, agency superintendent of the Pearl, conducted the negotiations for that company. Reporting will be through the Cleveland office of Pearl.

It is understood that the Liberty's chief interest in securing representation of the Pearl was in connection with its large underwriting of whisky risks, a line that the Liberty has handled in a very large way, and a line that requires large facilities in writing.

The Pearl has not been planted heavily in the state since being admitted to Kentucky, and its future plans are not known, but apparently the Pearl is chiefly interested in writing the larger lines through a few agents, rather than in any large agency plant.

J. W. Besterman, recently appointed Indiana state agent of the Rhode Island, is moving his offices from the Circle Tower in Indianapolis to 414 Pennway building with C. R. Watkins, state agent New York Underwriters.

INSURANCE STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business December 21, 1936

	Par	Div.	Bid	Asked
Aetna Cas.	10	3.00*	105	108
Aetna Fire	10	1.60	51	53
Aetna Life	10	.80	26 1/2	28
Agricultural	25	3.00	86	89
Amer. Alliance ..	10	1.20*	24	25
Amer. Equitable ..	5	1.25*	37	38
American (N. J.) ..	25	.50	12	13 1/2
Amer. Surety	25	2.50	57	59
Automobile	10	1.20*	32	34
Balt. Amer.	2.50	.30*	8 1/2	9 1/2
Boston	1.00	21.00*	645	660
Camden Fire	5	1.00	23 1/2	24 1/2
Carolina	10	1.20*	28	29
Contl. Cas.	5	1.00	28 1/2	30
Contl. Ins.	20	1.45*	40	42
Cum & For. com. ..	10	.90*	31	32
Fidelity & Dep. ..	20	2.25*	123	126
Fidelity-Phen.	2.50	1.45*	43	45
Fire Assn.	10	2.50*	80	82
Fireman's Fund ..	25	4.00	93	94
Fireman's F. Ind.	36 1/2	38
Firemen's (N. J.) ..	5	...	11 1/2	12 1/2
Franklin	5	1.20*	32	33
Glens Falls	5	1.60	45	47
Globe & Reub.	5	.50	20 1/2	21 1/2
Gl. & Rut. (com.) ..	25	...	76	80
Gt. Amer. Fire.	5	1.20*	27 1/2	29
Gt. Amer. Ind.	1	.15	8	10
Halifax Fire	10	.90*	22	23
Hanover Fire	10	1.60	37	38 1/2
Harmonia Fire.	10	1.20*	30	31
Hartford Fire.	10	2.00	75	77
Hfd. Steam Boil. ..	10	1.60	73	75
Home F. & Mar.	10	2.00	41	42
Home Fire Sec.	6 1/2	7 1/2
Home (N. Y.)	5	1.20*	39	41
Homestead	10	1.00	23	24 1/2
Ins. Co. of N. A. ..	10	2.50*	74	75
Kan. City F.&M.	10	.60	20	22
Knickerbocker	5	.50	16 1/2	17 1/2
Maryland Cas.	1	...	7	8
Merch. Mfrs.	5	.40	11 1/2	12 1/2
Mer. Assur. com.	5.00	1.60	58	61
Natl. Cas.	10	.80	19 1/2	21
Natl. Fire	10	2.00	67	68
Natl. Liberty	2	.40	10	11
Natl. Union	20	4.00*	131	135
New Am. Cas.	2	...	15 1/2	16 1/2
New Brunswick.	10	1.30	35	37
Northern (N. Y.) ..	12.50	4.00*	100	103
North River	2.50	1.00*	27	28
N. W. Natl. Cas.	2.50	1.0	6 1/2	7 1/2
N. W. Natl. Fire ..	25	6.25*	127	131
Pacific Fire	25	5.00*	130	135
Phoenix, Conn.	10	2.50*	92	94
Prov. Wash.	10	1.25*	38	40
Repub. Ins., Tex. ..	10	1.00	25 1/2	27
Rosalia	5	.80	11	12
Security	10	1.40	36	37
Southern Fire	10	1.20	30	32
Sprgfd. F. & M.	25	4.75*	131	134
St. Paul F. & M.	25	7.50*	205	210
Travelers	100	16.00	485	500
U. S. Fire.	4	1.90*	56	57
U. S. F. & G.	2	...	26	27
Westchester Fire ..	2.50	1.40*	34	36

*Includes extra. **Canadian funds.

NEWS OF FIELD MEN

Three Field Appointments Are Made by Phoenix Group

John A. Gray has been appointed special agent in Vermont and New Hampshire for the Phoenix of Hartford, Connecticut Fire and Equitable Fire & Marine. Mr. Gray has been employed for a number of years in the New England underwriting department and later in the inland marine department of the Phoenix. His headquarters will be at 313 Amoskeag Bank building, Manchester, N. H.

Charles F. Kappert will be the new special agent in western Pennsylvania for the Connecticut Fire. He has had long experience in active field work, as well as training in the rating bureau. His headquarters will be at 611 Union Bank building, Pittsburgh, Pa.

John V. Down has been made special agent in central Pennsylvania for the Phoenix, Equitable Fire & Marine and Minneapolis Fire & Marine. He has had extensive experience in the home office and in the field. He will have headquarters at 304 Calder building, Harrisburg.

No Successor to Taylor

The St. Paul Fire & Marine announces that no successor will be named at this time to Ralph H. Taylor, who is being called from the Ohio field to the home office as general adjuster. The agencies heretofore supervised by Mr. Taylor in Ohio will be looked after by either H. L. Ruebrecht of Columbus or E. O. Pierce of Cleveland. Mr. Taylor will move to St. Paul shortly after Jan. 1 to take up his new duties.

Great American Appoints Two

Several field changes are announced by the Great American group in New York and Pennsylvania. R. H. Dreyer becomes special agent in western New York succeeding T. W. Posthill, resigned. Headquarters will be in the Union Trust building, Rochester. Mr. Dreyer has been with the company for several years in the field and the home office.

A. S. Daughteridge has been named special agent in Allegheny county, Pa., succeeding C. O. Markle, who has resigned to enter the life business. His headquarters will be in the Commonwealth building, Pittsburgh.

Wylie Succeeds Beals

The Scottish Union has appointed E. H. Wylie, Iowa and Nebraska state agent, succeeding G. M. Beals, who has gone with the Glens Falls. Mr. Wylie's headquarters will be in the Insurance building, Omaha. He is well known in Iowa and Nebraska and has had considerable experience in that territory.

G. L. Hampton with Phoenix

George L. Hampton, who has been in Kansas as special agent for the North America for about one year, has resigned to join the Phoenix of Hartford as Kansas special agent under State Agent Frank C. Beazley. Mr. Hampton graduated in the Northwestern University fire insurance course and then joined the North America in the Chicago suburban field. About a year ago he was transferred to Texas.

North America Appointments

V. B. Steenrod, who has been connected with the Kansas Inspection Bureau in Wichita for about six years, has joined the North America as special agent in Kansas under State Agent R. B. Lathan. He fills the vacancy created by the resignation of George L. Hampton, who has joined the Phoenix of Hartford. Mr. Steenrod attended Baker University in Baldwin, Kan., and then went to Armour Institute of Tech-

nology in Chicago, where he graduated. R. G. Osgood, assistant western manager of the North America, was in Kansas arranging the change.

North America also announces that John R. Hoff has been transferred from the South Dakota field to Iowa under State Agent George Holbrook in Des Moines. He is a graduate of the Northwestern University fire insurance course and has been in the South Dakota field about five years.

E. H. Knox with Crum & Forster

F. M. Gund, western manager of Crum & Forster, announces the appointment of E. H. Knox as special agent and engineer for Wisconsin. Mr. Knox is a graduate of the fire protection and engineering course of Armour Institute, where he graduated in 1932. He has since been connected with the Inspection Bureau in Wisconsin. He will work under the supervision of C. H. Dachenbach, with headquarters at the Crum & Forster office, 825 North Jefferson street, Milwaukee.

Anderson in Field Post

The London & Lancashire has appointed A. Nixon Anderson, special agent for Maine and New Hampshire, with headquarters at 38 Exchange street, Portland. He succeeds Raymond W. Kelsey, who has resigned to accept a position in another territory. Mr. Anderson has had several years of home office training and experience and is well qualified to fulfill the duties which he will assume as special agent.

Baker with Wentz & Erlin

Russell J. Baker, Pacific National Fire special agent in southern California for the past four years, has resigned to become joint manager of the southern California branch office of Wentz & Erlin, where he will be associated with W. D. Thompson.

A graduate of the University of California in the class of 1924, Mr. Baker entered the insurance business with the C. A. Colvin office and later became special agent of the Norwich Union in Los Angeles.

Takes New England Post

The Hanover has appointed R. W. Kelsey special agent for Rhode Island and eastern Massachusetts. He succeeds B. N. Campbell, who is entering other business. Headquarters will be at 99 Milk street, Boston. Mr. Kelsey has had considerable experience in the business.

Hartford Sends Two Into Field

Kenneth L. Lilja, who has been in the survey department in the western office of the Hartford Fire in Chicago about 10 years, has been transferred to Des Moines in charge of the survey department there.

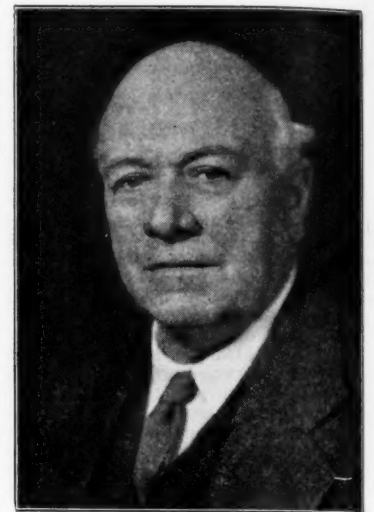
Roland Lange, who has been an assistant examiner in the Hartford's western department about five years, has now been sent into the Indiana field as special agent with headquarters in Indianapolis. He is a graduate of the Northwestern University fire insurance course.

G. W. Gano Dies at 76

George W. Gano, 76, in the insurance business as an engineer, rate maker and agent in Cincinnati and Chicago 40 years, died at his home in the former city. His father, Gazzam Gano, was secretary of the Amazon of Cincinnati at one time. Mr. Gano's most recent connection was with the A. R. Witham agency, Cincinnati, as a solicitor.

Packed full of good pointers, "Casualty & Surety Coverages" by W. H. Bates can help you sell. Single copy \$1 from The National Underwriter.

Again Arranges for Xmas Hookup—Coast-to-Coast



ROSSE CASE

Rosse Case, prominent local agent at Marion, Kan., this Christmas is continuing the custom that he originated several years ago of organizing his friends throughout the country into a Christmas party. At one minute past 12 o'clock eastern standard time, one minute past 11 central standard, one minute past 10 mountain, and one minute past 9 Pacific standard, those in the party will drink to the toast:

"The heart of a friend is the one thing I prize. As life lengthens and twilight descends; It's the last boon I'll ask when I've finished my task."

That I live in the heart of my friends." Mr. Case has arranged for the toast to be given by the following:

Wm. B. Calhoun, Milwaukee; Chas. L. Gandy, Birmingham; Jno. D. Saint, Oklahoma City; Frank T. Priest, Wichita; Duane T. Stover, Wichita; George T. Fisher, Salina, Kan.; Fred Fitzpatrick, Salina; Sam F. Woolard, Wichita; Fred W. Koeckert, New York; Jack E. Stowell, Kingsley, Kan.; Walter H. Bennett, New York; Harry W. Miller, New York; W. C. Grigg, Abilene, Kan.; Harry Tinkler, Kansas City, Kan.; Byron R. Ward, Topeka; Sidney Smith, Gainesville, Ga.; Jeffrey Poole, Chicago.

Also: Laurin W. Jones, Dodge City, Kan.; Tom Hull, Fargo; Chas. K. Foote, Wichita; Mark Bridges, Topeka; John V. Kelly, Leavenworth, Kan.; I. D. Goss, Chicago; Ed Monroe, New York; Joe L. Williams, Tulsa; Clyde B. Smith, Lansing, Mich.; Cliff C. Jones, Kansas City; Holmes Meade, Topeka; Wade Patton, Hutchinson, Kan.; A. L. Duckwall, Abilene, Kan.; John K. Boyce, Amarillo, Tex.; Chas. Dubach, Chicago; John R. Burns, Jr., Wichita; Hugh Coldwell, Wichita; C. L. Bloom, Chicago; Wm. H. Wallace, Chicago.

Also: Raymond L. Budge, St. John, Kan.; Don Ellis, Kansas City, Kan.; C. M. Cartwright, Chicago; L. Mickelsen, New York; Elwell C. Case, Seattle; Harry Curran Wilbur, Chicago; Glen Matthews, Kansas City; Earl Hartley, Winfield, Kan.; James D. Gilmore, Independence, Kan.; Oscar Gleiser, New York; Sam Morrison, Iowa City; Chas. F. Thomas, Chicago; Chas. Ruprecht, New York; John C. Hyde, Chicago; Ernest E. Watson, Minneapolis; C. A. Keenan, New York; Chas. F. Hobbs, Topeka; R. W. Forsay, Anita, Ia.

Boston, Old Colony Pay Extras

The Boston has declared a special dividend of \$5 in addition to the regular quarterly dividend of \$5, both being payable Jan. 2 to stockholders of record Dec. 8. The same special dividend was declared late in 1935.

The Old Colony, which is the running mate of the Boston, has declared a special dividend of \$15 in addition to the regular dividend of \$2. On Dec. 30, 1935, the Old Colony paid a special dividend of \$10 per share.

Great American Insurance Company New York

INCORPORATED - 1872

W. H. KOOP, President



OLD FASHIONS AND NEW

We can properly be proud of being old fashioned

In the soundness of the company's underwriting policy;
In its friendly consideration for agents and their needs;
In its adherence to every rule of correct practice;
In its unquestioned financial standing.

Yet feel an even greater measure of pride in that

The company's well proven policies have always been
so easily adapted to the requirements of the day.

Today's business needs are not those of a few years ago

NEW IDEAS must develop; new methods are needed,
but the basic principle of fair dealing with agents and
policyholders can never change.

WESTERN DEPARTMENT

310 South Michigan Avenue :-: CHICAGO, ILL.

C. R. STREET, Vice President G. D. GREGORY, Secretary



**INDEMNITY
INSURANCE CO. OF
NORTH AMERICA**

PHILADELPHIA

**CASUALTY
FIDELITY
SURETY**

*Unquestioned Financial Stability.
Unique, Convenient Policies.
Complete, Efficient Service.
All Modern Coverages.*

CAPITAL \$1,000,000

Combination Automobile Policy, Combination Residence Policy and Complete Golfer's Policy issued jointly with allied fire companies

COMPANIES

America Fore Dividends

The Continental and Fidelity-Phenix of the America Fore group have declared semi-annual and special dividends. The Fidelity-Phenix dividend will be 80 cents a share with a special of 20 cents a share payable Jan. 11 to stockholders of record Dec. 31. The Continental semi-annual dividend will also be 80 cents and a special of 20 cents payable the same date and to stockholders of the same status as the other company.

Sterling to Start Soon

COLUMBUS, O., Dec. 23.—The Sterling Fire, which was recently licensed by the Ohio department, expects to begin operations soon after the first of the year. Burnette Andrews is to be president and general manager and W. E. Love, now with the Central Manufacturers Mutual, is to be vice-president and superintendent of agents. Among the directors are said to be Carl F. Duerr of Canton and A. A. Hammer-smith of Massillon. The capital is to be \$100,000 and only those who purchase stock will be engaged as agents. Agents are to be paid 37½ percent commission, according to reports, and the business is to be reinsured in some company which will grant a commission of 50 percent to the Sterling.

Ohio Farmers Extends Territory

The Ohio Farmers has entered Virginia and West Virginia to write fire, automobile and allied lines.

Business in Virginia will be handled through E. K. Schultz & Co., general agents, Philadelphia, while that of West Virginia will be taken care of through the home office. A number of agents already have been appointed.

Renew Dividend Payments

After having passed dividend payments for five years, the Rhode Island and its affiliated Merchants of Providence, have now made a distribution to stockholders. The Rhode Island is paying a dividend of 10 cents a share while the Merchants is paying 7½ cents. Both were paid Dec. 21 to stockholders of record Dec. 15.

G. & R. Again Cuts Debt

Globe & Rutgers has made arrangements to reduce this week its indebtedness to the banks to \$2,500,000. It will repay \$500,000 on Saturday. This indebtedness was incurred to get funds with which to pay off its entire collateralized indebtedness to the Reconstruction Finance Corporation. This was a very advantageous transaction.

In addition to having reduced its indebtedness, Globe & Rutgers retired 250,000 shares of first preferred and 250,000 second preferred.

Georgia Home Vice-president

H. L. Williams, a leading business man of Columbus, Ga., has been elected a vice-president of the Georgia Home, of which he has been a director for several years.

Standard of Trenton Dividend

The Standard Fire of Trenton has declared an extra dividend of 50 cents a share on Dec. 17. The regular quarterly dividend of 75 cents was paid in October. The previous announcement that a dividend has been declared of \$1.75, compared with 75 cents previously paid, was erroneous.

Albert Lehman, superintendent automobile department of the Chicago office of the North British, is confined to his home by illness.

C. H. Christensen of Fargo, N. D., state agent of the Great American group, spent several days in Chicago at the western department offices. He was recently appointed to the post.

**Eight Additional Companies
Join Development Office**

NEW YORK, Dec. 23.—Recent accessions to company membership of the Business Development Office include the Camden Fire, Globe & Rutgers, American Equitable, Globe & Republic, Knickerbocker, Merchants & Manufacturers, New York Fire and Sussex Fire, the last six being members of the Corroon & Reynolds fleet.

Thirtieth Anniversary Party

INDIANAPOLIS, Dec. 23.—The Indiana Blue Goose celebrated its 30th anniversary with a dinner dance which was well attended and most successful. A history of the pond was distributed which had been prepared by J. A. Bawden, Springfield, official historian. A musical program included vocal selections by R. O. Hudler, Aetna Fire, and J. J. Ronayne, Commercial Union, with William Ronayne, American States, at the piano. The pond is showing good progress this year under the leadership of C. R. Watkins, most loyal gander. A. W. Schmadeke, chairman of the entertainment committee, was in charge of the party.

Eisemann Brooklyn President

S. P. Eisemann was elected president of the Brooklyn Insurance Brokers Association at the annual meeting Wednesday noon. J. E. Friese is vice-president, H. L. Heistar secretary, Edward McCormack treasurer.

The principal talk was given by L. L. Balleisen of the Brooklyn chamber of commerce. He spoke on the social security act.

Schwartzkopf New Head

M. A. Schwartzkopf has been elected president of the Wyoming Insurance Exchange at Wilkes-Barre, Pa. W. W. Multer is first vice-president; J. W. Schreiner, second vice-president; A. S. Galland, secretary, and E. L. Edwards, treasurer.

I. M. U. A. Takes Over New Form

Inland Marine Underwriters Association has now assumed jurisdiction over the wool growers floater form in Colorado, Wyoming and New Mexico and has adopted a form, rates and rules effective Feb. 1.

F. J. Sauter Has Chest Out

Fred D. Sauter, who is a senior at Princeton University, is being proudly exhibited by his father, F. J. Sauter, the well known Chicago manager of Aetna Fire. Young Mr. Sauter is home for the holidays with many collegiate honors to his credit. He is captain of the basketball team, he is a member of undergraduate student council, president of the Varsity Club, captain of B battery in the Princeton R. O. T. C., and is on the honor roll.

Kirk Returns to Chicago

W. R. Kirk, agency superintendent Chicago office of the North British, has returned from Hot Springs, Ark., where he attended the meeting of the National Association of Insurance Commissioners and the Arkansas Association of Insurance Agents. Shortly after the first of January he plans a trip to Duluth.

"Underwriters Report" Makes Change

The "Underwriters Report" of San Francisco, which heretofore has appeared in two sections, one devoted to life insurance and the other to fire and casualty, after the first of the year will be combined into a single weekly publication.

Springfield Agents Get Together

The Insurance Agents Association of Springfield, Ill., is holding its annual get together luncheon Thursday of this week. Ross L. Weller is president.

NORWICH UNION

We extend to you the Season's
most Hearty Greetings and
may the New Year bring
to you a full measure
of Good Health
and Prosperity

NORWICH UNION FIRE INSURANCE SOCIETY, LTD.

Hart Darlington, Manager

Eagle Fire Company of NEW YORK

Incorporated 1806

Hart Darlington, President

The Oldest New York Insurance Company

NORWICH UNION INDEMNITY COMPANY

Hart Darlington, President

75 Maiden Lane, New York

In NORWICH UNION there is strength

COMPANIES

VIEWED FROM NEW YORK

By GEORGE A. WATSON

DISCERN TURN IN INTEREST TREND

A trend is discerned by some observers in the bond field, which is interpreted as an indication that a turn has come in the interest rate situation. This change consists of a reduction in the terms of new bond and refinancing issues. For instance, the federal treasury issue that was brought out this month matures in 13 years. The previous issue was one of 20 year maturity. The one

before that was 15 years, the next earlier one was 12 years and the one before that was nine years.

In a period of decreasing interest rates, there is a tendency to lengthen the maturities of bond issues. Those who are doing the financing will stretch the term just as far as possible, so long as the investor is willing to purchase and accept a low interest yield. As the tide turns, however, and the borrower

finds resistance, with the investor making commitments in shorter term issues, so as to be in a position to switch at the opportune moment, the terms of new offerings decrease. Some of the life company investment departments believe that the turn has now come.

The president of one of the life companies about two years ago instructed his bond trader to bring to his attention any items that might be symptomatic of a change in the interest rate situation. For months, the president had no such references from the bond trader. However, in recent weeks, he has received several memoranda, all reporting a drop in the term of bond issues.

EAGLE, STAR CHANGES

The Eagle Star & British Dominions has named Louis A. McBride United States branch secretary with headquarters in New York. Mr. McBride has been with the Eagle Star for 16 years and has been chief accountant. He is familiar with the problems of agents and state insurance departments. The position is a new one.

Bryan E. S. Mountain, now assistant general manager at the head office of the Eagle Star & British Dominions, is being advanced to joint general manager at the end of this year. He is a son of Sir Edward M. Mountain, chairman of the Eagle Star. S. A. Bennett, who has been general manager for some time, will continue as joint general manager.

IMPORTANT NOVEMBER FIRES

The New York "Journal of Commerce" list of fires occurring in November, include the following estimated to have caused damage of \$100,000 or more:

Lisbon, Conn., highway department garage, \$100,000; New Haven, Conn., factory building, \$125,000; Portland, Me., fish plant, \$200,000; Charleston, Mass., paper warehouse and dog food factory, \$400,000; Milford, Mass., business block, \$150,000; Camden, department store, \$150,000; Fort Lee, N. J., night club, \$130,000; Binghamton, N. Y., business building, \$100,000; Jamaica, N. Y., business building, \$100,000; Darby, Pa., theater building, \$100,000; Bluefield, W. Va., department store, \$200,000; Atlanta, piano company building, \$500,000; Cartersville, Ga., mineral grinding plant and eight freight cars, \$100,000; Sylvania, Ga., cotton oil mill, \$250,000; South Alexandria, La., lumber yard, \$100,000; Tallulah, La., veneer plant and box factory, \$800,000; Aberdeen, Miss., cotton warehouse, \$100,000; Columbus, Miss., dry goods store, \$100,000; Portsmouth, Va., bus terminal and six business buildings, \$150,000; Chicago, church, \$150,000; Vienna, Ill., four business buildings, \$125,000; Augusta, Kan., garage and 26 cars, \$120,000; Fargo, N. D., department store, \$100,000; Rice Lake, Wis., grain elevator, \$130,000; Fresno, Cal., cotton warehouse, \$630,000; Los Angeles, refinery, \$100,000; Los Angeles, restaurant, \$100,000; Los Angeles, bedding warehouse and factory, \$100,000; Los Angeles, club, \$250,000; Los Angeles, cotton oil company warehouse, \$1,000,000; Monterey, Cal., cannery, \$500,000; Redding, Cal., department and store buildings, \$200,000.

REPORTS PREMIUM DECLINE

Charles Stulz, manager New York Central Bureau, reports continued decrease in unpaid earned premiums. The report said the drop between July, 1935, and July, 1936, was \$5,456.

The compilation submitted to Chief Examiner C. E. Ryan of the New York department said fire carriers reported 5,930 entries and unpaid earned premiums of \$18,740, which was a decrease of 1,727 in entries and of \$2,814 in premiums during the fiscal year. Casualty companies had entries of 3,281, a drop of 817, and premiums of \$82,013, a decline of \$2,641. Combined entries of fire and casualty corporations totaled 9,211, which fell 2,544 from July, 1935. Unearned premiums were \$100,754, a decrease of \$5,456. Total payments to date after filing report are \$489,522 for fire, \$3,154,855 for casualty, which is a total of \$3,644,377.

Manager Stulz has sent to J. H. Wood, complaint chief, 17 items where 15 brokers failed to acknowledge either first or second letters sent to them in

October and November. This is a decrease of eight in items and eight in brokers reported compared to 1935.

FOREIGN DEPARTMENT TO N. Y.

The foreign department of the Retail Credit Company has been moved to the Graybar building in New York from the home office in Atlanta. Since 80 percent of the inquiries that require investigation through foreign channels originate in New York, New England and Canada, New York is considered a logical location for the office. Nathan A. Brown will continue as foreign department manager. He is a native Georgian, and a graduate of Georgia Tech. He joined the Retail Credit Company in 1923 as an inspector.

FETE INSURANCE PRESS

At the annual luncheon given by R. T. Marshall, executive secretary joint committee on interpretations and complaint; Paul L. Haid, president Insurance Executives Association; and Chalmers Charles, marine attorney in New York City, Douglas F. Cox of Appleton & Cox gave the welcome to the members of the insurance press. Mr. Marshall presided. Among those who spoke briefly were Mr. Haid, W. S. Crawford, New York "Journal of Commerce"; John M. Francis, New York "Journal of Commerce"; L. A. Mack and C. F. Howell, "Weekly Underwriter"; J. R. Dumont, Interstate Underwriters Board; Charles, R. M. Clark, J. J. Magrath, New York insurance department; C. M. Cartwright, THE NATIONAL UNDERWRITER; E. N. Eager, "Eastern Underwriter"; Thomas Sawyer, National Bureau of Casualty & Surety Underwriters.

Several Pay Bonuses

An exceptionally large number of companies have made bonus payments to employees within the past few weeks. Among these are the National Union, whose employees are receiving an amount equivalent to one-half of their November salaries; Crum & Forster, two weeks' salary; Hanover, one week's salary; Hartford, two weeks. The St. Paul earlier announced its employees would get a bonus of one month's salary. The Springfield is paying two weeks salary, but with a maximum bonus of \$100. New York Underwriters is paying a bonus of one-half month's salary.

Due to the fact that both the Underwriters Adjusting and the Western Adjustment would have had to have paid rather large undistributed profit taxes under the new federal law, the directors voted to take the alternative course and pay bonuses to employees. Therefore members of the staff of Underwriters Adjusting are receiving bonuses equivalent to one month's salary, and those of Western Adjustment are getting a bonus of 10 percent of annual salary. It is likely that next year these organizations will be reorganized as non-profit institutions.

New England Mutuals Expand

BOSTON, Dec. 23.—The old New England dwelling house mutuals are one by one extending their territory to the south and middle west. The Mutual Fire of Saco, Me., is now writing business in southern states, the Pawtucket Mutual of Pawtucket, R. I., is entered in Michigan and is planning to apply in Indiana, and the Middlesex Mutual Fire of Concord, Mass., has just been admitted to Virginia.

Miscellaneous Notes

A "get-together" luncheon was held by the Society of Insurance Brokers of San Francisco.

The Chicago office of the Rhode Island and Merchants, of which R. W. Tapper is manager, has moved to larger quarters at 1664 Insurance Exchange.

Every agent should read W. S. Crawford's noted book, "The Background of Fire Insurance," \$2. The National Underwriter.

Read—
in the
January, 1937
Issue

Out January 5th

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A Thorough Discussion of

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ROUGH NOTES

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AS SEEN FROM CHICAGO

HANOVER ROUNDUP SCHEDULED

The annual round up of field men in the western department of the Hanover will be held in Chicago, Jan. 5-6, Vice-president and Western Manager W. K. Maxwell announces. This early date was selected, due to the fact that President Montgomery Clark desires to attend and he is planning to have a vacation trip later in January.

* * *

UNDERWRITERS ADJUSTING

The branch office directory of the Underwriters Adjusting for 1937 is now on the press and will be delivered on or before the first of the year. It is made up with a numerical indicator system which enables the loss superintendent quickly to identify the branch office handling a loss in any given city.

* * *

ENGINEERS ARE KEPT BUSY

The engineering department of the Chicago Board has been exceptionally busy. It has become necessary for the staff to keep on the job two nights a week until 9:15. The work is occasioned by new construction, rerating, remodeling of properties and the moving of tenants from one location to another.

* * *

COMMANDED OLD FIRE BOATS

In connection with the Chicago fire department's new "Fred A. Busse" fire boat which will be launched on Dec. 29, John J. Falvey, Chicago broker, recalls some interesting background events regarding the Chicago department's early fire boats. His father, Patrick J. Falvey, who as a boy was a seaman on the lake, served as first lieutenant of the "Geyser," the first Chicago fire boat, and was captain of the "Yosemite," its successor. He was also captain of the old "Illinois." Captain Falvey, who is now 79, served

the Chicago department 45 years before he was retired, 27 years of which he was on fire boat duty and the balance on land. He is the only fire boat captain to hold a federal pilot's license.

* * *

W. J. SONNEN IS HONORED

More than 100 friends and associates turned out Monday evening for the banquet in Chicago given under the auspices of the Illinois Blue Goose for W. J. Sonnen, who is retiring as Chicago manager at the end of the year, after 59 years' service with the St. Paul F. & M. Mr. Sonnen has been a commanding figure in Chicago and Illinois for many years and exceptional interest was displayed in this event.

W. T. Benallack, secretary of the Michigan F. & M. and a national figure in Blue Goose circles, acted as toastmaster.

Among those who spoke in appreciation of Mr. Sonnen were: D. O. Stine of Reedsburg, Wis., veteran Wisconsin state agent for the St. Paul who retired recently; J. C. McKown, vice-president of the St. Paul; A. F. Powrie, western manager of the Fire Association and president of the Western Underwriters Association; Sherman Coultas, state fire marshal of Illinois; C. R. Street, vice-president and western manager of the Great American; E. A. Henne, vice-president and western manager of the America Fore; John McCluer, a former official of the St. Paul, who retired after serving 62½ years; Lloyd W. Brown, assistant western manager of the Firemen's and head of the Illinois Blue Goose; Dan T. Harrigan, Illinois state agent for the St. Paul, who has been associated with the honor guest for many years and who spoke with a special feeling.

Mr. Sonnen responded briefly. He was presented with a memorial of the

occasion, which included the signatures of those who attended the function.

Messages were read from C. P. Helliwell of Milwaukee, grand wielder of the Blue Goose, and John F. Stafford, mayor of Babson Park, Fla., former western manager of the Sun.

Merriment was provided by some spurious messages from Mae West, Wallace Warfield Simpson and Prairie Schooner Trailer Company. The latter offered Mr. Sonnen a 10 percent discount if he would purchase a trailer and have inscribed upon it the words: "Approved by St. Paul Fire & Marine Insurance Company."

* * *

ROUND TABLE FESTIVITIES

W. R. Townley of the Underwriters Salvage Company of Chicago was re-elected president of the Knights of the Round Table of the Union League Club of Chicago at the annual joust and tournament. A. F. Powrie, western manager Fire Association, is vice-president; W. H. Lininger, vice-president Springfield, is treasurer and Carl E. Ingram, agency superintendent Great American, is scribe. With 38 present, the session was the most largely attended in history.

The feature of the evening was a skit: "The Bad Will Court of Inhuman Relations." This gave the actors an opportunity to lampoon some of their fellow members.

Those elevated from esquires to knighthood were W. N. Achenbach, western manager Aetna Fire; R. D. Hobbs, manager Western Actuarial Bureau; S. M. Buck, western manager Fireman's Fund.

Neophytes advanced to esquires were: L. G. Warder, farm manager Hartford Fire; M. S. Davidson, assistant general agent Hartford, and W. K. Maxwell, vice-president Hanover.

Three officials of the Rossia from the east were present, they being Carl F. Sturhahn, president; B. N. Carvalho, first vice-president, and C. A. Rich, vice-president.

Insurance Superintendent of Quebec Province Dies



B. ARTHUR DUGAL

B. Arthur Dugal, insurance superintendent of Quebec who died recently, was well known in the United States. For the past several years he had been attending the meetings of the National Association of Insurance Commissioners. He was a man of quaint wit and endeared himself to those who knew him. Mr. Dugal, owing to a political shift in Quebec, had been very much in doubt as to whether he would be reappointed.

Buffalo to Pay Extra

The Buffalo will pay on Dec. 30 an extra dividend of \$2 per share and a regular dividend of \$3 to stockholders of record Dec. 21.

Reinsurance of Fire and Allied Lines

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Financial Statement, October 31, 1936

Assets	
Cash in Banks.....	\$ 286,911.70
Investments:	
Bonds.....	\$1,480,226.32
Common Stocks.....	2,444,956.25
Mortgage Loans.....	38,500.00
Real Estate.....	8,000.00
	3,971,682.57
Balances due from Ceding Companies (not over 90 days due).....	118,739.68
Accrued Interest.....	13,832.22
Total Admitted Assets.....	\$4,391,166.17
Liabilities	
Reserve for Claims and Claim Expenses.....	\$ 189,617.19
Reserve for Unearned Premiums.....	1,131,889.20
Reserve for Commissions, Taxes and Other Liabilities.....	79,893.33
Capital Stock.....	\$ 600,000.00
Surplus.....	2,389,766.45
Surplus to Policyholders.....	2,989,766.45
Total.....	\$4,391,166.17

Bonds and stocks owned are valued in accordance with the requirements of the New York State Insurance Department. On the basis of October 31, 1936 market quotations for all bonds and stocks owned, Total Admitted Assets would be increased to \$4,433,764.87 and Surplus to \$2,432,365.15. • Securities carried at \$121,683.07 in the above statement are deposited as required by law.

EDITORIAL COMMENT

Overcoming Employer's Complacency

THE U. S. F. & G. has performed a service in undertaking to visualize the average embezzler. That company produced a composite photograph, so to speak, from its records of 1,001 embezzlers. They found that the embezzler is not a man with a shifty glance, of criminal mien, a rascal and that there is nothing in his behavior or appearance to make him obviously a criminal suspect. Instead, he is a competent worker, is regarded favorably by his employer, has won advancement on merit.

This is an important study for the agent or broker who is selling fidelity coverage. The ordinary employer is complacent. He is unable to visualize any of his employees as embezzlers. He is not naturally suspicious and honesty is taken for granted in private business, although in politics that fundamental virtue has to be ostentatiously claimed. Many employers even resent a proposal for fidelity coverage, as a reflection upon persons in rather intimate relationships

with the employer. Very rarely, after an embezzlement occurs, do you hear associates and acquaintances of the embezzler say: "I always suspected that fellow. He never looked good to me. He had all the earmarks of a crook."

Usually, the embezzler's associates, acquaintances and employer are shocked. They are not able to conceive of that person in the role of a crook. They have lived with him, have regarded him as perfectly normal, have taken his honesty for granted and the fact that he has been a crook simply stuns them.

These are facts that fidelity underwriters and claim men have always appreciated. However, these facts have been difficult to impress upon a prospective purchaser of fidelity protection. He knows that there are no crooks in his office. The study made by the U. S. F. & G. will aid the producer to cut through the complacency of the prospect. It is excellent soliciting material, as good salesmen will appreciate.

Curtailing Convention Entertainment

LOUIS H. PINK, insurance superintendent of New York, who is chairman of the NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, in his report at the Hot Springs meeting recommended that there be more curtailment of local entertainment at the time of gatherings. Expressing appreciation for the hospitality of local insurance interests and their desire to extend in every way a cordial welcome, he said that as a matter of fact in many cases the outlay was too much of a burden for the local insurance companies and agents. He stated that frequently cities would vie with one another in their entertainment arrangements. Furthermore, he declared that often the real work of the convention was interfered with because of too much hospitality.

In his report, Mr. PINK stated that the association should definitely indicate to its future hosts that the association does not expect elaborate entertainment

as an essential feature of its meeting. The committee urged that plans for entertainment at any convention city should be taken up in advance with the executive committee chairman.

Chairman PINK's report might well be studied by insurance organizations of all kinds. The burden put upon local insurance people of a convention city is entirely too onerous. Quite naturally each city wishes to extend a generous welcome and have visitors return with a high opinion of the insurance people and their quality of entertainment. In some cases cities would be pleased to have a convention but balk at the thought of the entertainment expense. It might be well for the officers and executive boards of the different organizations to take up this matter of home city expense, because at times it has been carried to such an extent that too high a mark has been set; discouraging the city from being host again.

Trend Toward Federal Supervision

REPRESENTATIVE SABATH of Illinois who is chairman of the Congressional committee investigating bankruptcies and reorganizations, will undoubtedly recommend to Congress the enactment of a measure providing for federal supervision of insurance. It is doubtful whether much progress will be made in that direction. Congressman SABATH's committee took on life insurance more

as a side issue when it announced it would investigate the handling of life companies that failed or were reorganized. The committee ran out of funds after it had probed into the affairs of but one company.

ERNEST PALMER of Illinois, president NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, in his address at the meeting in Hot Springs, Ark., did de-

clare that unless the state commissioners' body became more efficient and geared itself to that extent where it could more effectively meet public demands, there might be an effort to bring about federal supervision. Therefore, President PALMER started a movement to make the NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS more cohesive, more service giving and more efficacious.

State supervision has given a very good account of itself during the years of depression and insurance people in general believe that centralization of supervision of this great business at Washington while it would bring about uniformity, it might become too domineering and would place in the hands of one superintendent too much power.

While insurance officials agree that there are activities that belong to the federal government and must be treated on a nation-wide scale, they are not favorable to insurance being so treated.

There are certain phases of insurance that undoubtedly will have to be corrected in order to protect the public far more than is now the case. Under the UNITED STATES SUPREME COURT decision, a company licensed in its home state or not licensed at all can transact business in all other states without a license, by using the mail. This has resulted in hundreds of concerns exploiting the public and there has been no way to reach them. Then again the handling of interstate insurance liquidation needs to have a more adequate course to follow.

PERSONAL SIDE OF BUSINESS

Albert Bender, prominent San Francisco insurance broker, was publicly recognized when his friends in the artistic world gathered at the Museum of Art for a public preview of his collection, now on view in the galleries of the War Memorial building. The vast collection of paintings, sculptures, water colors and prints, the great majority by artists of the San Francisco Bay region, is a gift of Mr. Bender to the museum and the public of San Francisco. He enjoys a wide reputation as a collector and connoisseur.

Joseph Huebl, second vice-president Northwestern National Fire, Milwaukee, was honored with a certificate by the American Artists Professional League in recognition of efforts in making National Art Week a success. Mr. Huebl is active in the Milwaukee Professional Men's Sketch Club.

Arthur M. Brown, Jr., of Edward Brown & Sons, San Francisco general agents, has been named chairman of the executive committee in charge of the celebration for the opening of the Golden Gate bridge over San Francisco bay next May. Because of the common belief of those not familiar with the environment, that there is only one bridge in the section, Mr. Brown will attempt to clear up this situation. The San Francisco-Oakland Bay bridge, opened in November, is the longest bridge in the world; the Golden Gate bridge, joining San Francisco and Marin county, will be the longest suspension bridge in the world.

Mr. Brown is also city supervisor of San Francisco.

H. J. Boland, 46, for more than 25 years a local agent at Green Bay, Wis., died at a hospital there after two weeks serious illness. He entered the insurance business shortly after graduating from high school, with his brothers, Edmund and John Boland. Since 1918 he had been a member of the Boland-Karn Company agency and was president at the time of his death.

Charles M. Howell, widely known Missouri insurance attorney, who suffered an attack of appendicitis at the commissioners' convention in Hot Springs, and was forced to return to a

Kansas City hospital, has completely recovered from the attack and was at his office again last week. Mr. Howell's condition was considered serious enough to warrant an operation, but he rallied so quickly at the hospital, the operation became unnecessary.

E. H. Hinckley, 73, of Hinckley & Cornell, Kalamazoo, Mich., died there. He was at one time a Michigan field man. He was prominent in educational work.

L. J. Braddock, associate western manager of the North America, upon returning Monday evening to his residence in the North Shore hotel, Evanston, Ill., discovered that Mrs. Braddock had died in the apartment during the day. He was the first to discover that she was dead. Mrs. Braddock had been affected by a heart ailment for some time.

Harold Greenberg, general adjuster at the head office of the Western Adjustment, is leaving Saturday of this week, with Mrs. Greenberg and their son, for a vacation in the south. They expect to spend most of the time in Florida and while there to take an excursion to Havana.

Catherine McGuire, license clerk in the Ohio department, is retiring from that position Jan. 1. Miss McGuire has been with the Ohio department for a number of years and is well known to the insurance men of the state.

There is in the possession of the **American** of Newark, a piece of furniture that is nearly 80 years old—the desk which was used by Stephen G. Gould, who was president of the company from 1834 to 1883. It is hand-made and hand-carved. Mr. Gould was one of the original four members of the company named in its charter issued in 1846. When he became president, the company's office was located in the Life Insurance building in Newark, and it was during his regime in 1862 that it came to occupy its first home office. When the company moved in 1930 to its present location the desk was lost in the confusion of moving. A desk was located that resembled it vaguely. It was a maple desk but it had obviously been altered. It was sent to an antique



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dealer who carefully removed the maple paint and restored it to its original form and oak finish and produced records to vouch for its original source. It now stands in a place of honor on the third floor in the reception room of the home office.

A. M. Treat of the Treat & White agency, Marshalltown, Ia., and Mrs. Emma A. Loucks of Marshalltown were married in Des Moines.

John H. Calhoun, San Antonio, Tex., special agent of the North British group, injured in an automobile collision, is again able to take the field.

Judge C. S. Younger, president of the Cooperative Life and former Ohio superintendent of insurance, is confined to a hospital in Columbus.

The wife of **John R. Martin**, adjuster for the Home at Columbus, O., was stricken with appendicitis at Lansing, Mich. She was operated on at a hospital there and is reported convalescing satisfactorily. Mrs. Martin, a cousin of Stuart Morgan, Michigan state agent of the Agricultural, had gone to Lansing for the funeral of Mr. Morgan's only daughter, Hope, central figure in a tragic murder-suicide case in which she had killed a close friend, Elizabeth Giltner, and then committed suicide by hanging herself in the Ingham county jail. The Martins had intended to return with Mr. Morgan to their home in Columbus for the holidays but Mrs. Martin's illness has dashed those plans.

G. Z. Day, assistant general agent at the New York head office of the Tokio M. & F., has been in the middle west for about a week. He was in Chicago several days and then made an agency trip in Minnesota.

Mrs. Anna Cummings, mother of three widely-known insurance men, died at St. Paul. Burial was in Denver. Her three sons are C. W. Cummings, chief clerk Mountain States Inspection Bureau, Denver; J. D. Cummings, assistant general agent of the Daly General Agency, Denver, and Roy Cummings of the New York Life in St. Paul.

Frederic Williams, secretary Rocky Mountain Fire Underwriters Association, has left for Atlanta to spend the holidays with his daughter. He will return to Denver shortly after the first of the year.

Richard B. Daniels, special agent of the Rocky Mountain department of the American of Newark, miraculously escaped death when the plane he was flying cracked up at the municipal airport in Denver. Although still in a serious condition, Mr. Daniels is expected to recover. Doctors originally feared his right foot, crushed in the crash, would have to be amputated but they now hope to be able to save it. He has been interested in flying for some time and was taking a test for a pilot's license at the time of the accident, the cause of which has not been ascertained.

E. J. Perrin Dies at 84

Edward J. Perrin, at one time local secretary of the Commonwealth, died at his home in Plainfield, N. J., at the age of 84. He was the father of E. J. Perrin, Jr., vice-president of the Automobile, and A. R. Perrin, who is in the insurance business in Syracuse, N. Y. He retired from active duty in 1915.

War Risk Situation

A United Press dispatch from London states that pressure may be brought on the Board of Trade to revive the British government war risk insurance, covering at least property in the United Kingdom. The non-marine market of London Lloyds in October reached an agreement not to insure war risks on land in the United Kingdom or Ireland. The actual losses encountered in the Spanish war by Lloyds and some of the

To Preside at Big Coast Meet in San Francisco



H. L. SIMPSON

At the annual meeting of the Fire Underwriters Association of the Pacific in San Francisco Feb. 3-4 President H. L. Simpson, Great American, will preside and give his annual report.

U. S. Authorities Are Still Silent on Status of Agent

WASHINGTON, D. C., Dec. 23.—No official ruling as to the status of insurance agents under the social security act has been issued by the bureau of internal revenue, and observers in Washington today were inclined to doubt the authenticity of rumors that officials of the bureau have reached the conclusion that agents are independent contractors except under special circumstances giving rise to an employee relationship.

It is pointed out that such a position would be inconsistent with the general policy of the bureau, which is that all persons within a class covered by a taxing statute are subject to tax except where they can show the existence of conditions justifying exemption.

Bureau regulations, it is explained, seldom if ever hold any particular class of persons exempt from tax with exceptions; rather the policy is to hold the entire class taxable with exceptions which are outlined.

If the bureau is considering exemption of agents as a class, it has entirely abandoned the position which it was represented as maintaining heretofore that all agents were employees except where it could be shown their relationship with the company was that of an independent contractor.

JOURNAL OF COMMERCE STORY

NEW YORK, Dec. 23.—Internal Revenue Commissioner Helvering has reversed the previous broad interpretation of an acting deputy commissioner to the effect that insurance agents compensated solely by commission are employees under the social security act unless shown to be otherwise and has concluded that they should be held to be independent contractors unless a specific employer-employee relationship is shown, according to the New York "Journal of Commerce," which states that it was "reliably informed" of this conclusion of the commissioner's. Insurance organizations interested in agents' status under social security immediately got into communication with Washington after the story appeared, but were told that no official information was available.

British insurance companies have been very large and have caused underwriters to visualize the possibilities of damage in modern warfare.

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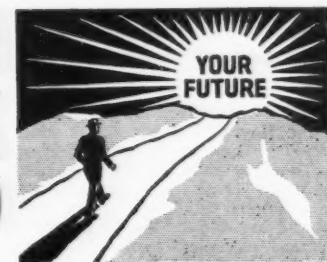
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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Michigan Regional Meetings

**Third Business Development Session
Held at Jackson—Another Meeting
Scheduled at Pontiac Jan. 7**

JACKSON, MICH., Dec. 23.—One of the largest of a series of business development regional meetings sponsored by the Michigan Association of Insurance Agents was held here with 150 or more agents from half a dozen counties in attendance. It was the third district meeting but there were many agents active in the state association present from other nearby districts. Among cities represented were Lansing, Owosso, Monroe, Ann Arbor and Battle Creek.

Chief speakers at the meeting were: James M. Crosby, Jr., Grand Rapids, state association president; Joseph W. Mundus, Ann Arbor, immediate past president, and M. R. Olp, Detroit, state agent Travelers Fire.

The Pontiac Association of Insurance Agents will be host to a regional business development meeting of the Michigan association there Jan. 7. Approximately 200 invitations have been mailed out to agents in that district by Charles M. Eaton, secretary of the Pontiac board. Included in the territory to be represented at the session are Oakland, Genesee, Lapeer, St. Clair, and Macomb counties. Several of the state association officers and probably one or two prominent company men are expected to be present to lead discussions. The meeting will open with a dinner at the Hotel Roosevelt.

New County Association Is Organized at Racine, Wis.

RACINE, WIS., Dec. 23.—Organization of the Racine County Association of Insurance Agents was started at a meeting here attended by 50 agents. Grover Miller of Racine was elected president; Russell F. Cooney, Burlington, vice-president, and George F. Murphy, Racine, secretary-treasurer. Four directors will be elected at the next meeting in January. Reports will be made by the organization committee, consisting of Milo Griffith, Racine; M. R. Cunningham, Burlington, and Marvin Schoeppe, Racine, and by the by-laws committee, composed of Thomas McQueen, Ray Eggert and Grover Miller, all of Racine.

Assisting in the organization work were Hugh Bird, Beaver Dam, president Wisconsin Association of Insurance Agents; Warren Johnson, Milwaukee, state agent Springfield Fire & Marine, who was chairman of the meeting; Thomas Larkins, Milwaukee, special agent Hartford Fire and president of the Wisconsin Fire Underwriters Association; Harvey Girard, Milwaukee, state agent Providence Washington and chairman of the public relations committee of the field men's association, and B. K. Olinger, Milwaukee, state agent Connecticut Fire.

Active in Minnesota

ST. PAUL, Dec. 23.—The insurance agency business in Minnesota is better organized than any time in the state's history. Topped by the Minnesota Association of Insurance Agents there are regional and local boards that take in a large part of the state in their membership. The Range Association of Insurance Underwriters in the northern part of the state and the Southern Minnesota Regional Association are active. Steps are now being taken to form a third

regional in the north central section and during the coming year it is hoped to organize regionals in the western counties.

There are 11 local boards including most of the important cities in the state. The state association has set out to increase its membership by 100 the coming year.

At a meeting of the Southern Minnesota Regional Association at Owatonna Harry B. Smith, Faribault, discussed "Fiduciary Bonds," and John Kasper, Rochester, talked on "Collection Methods."

Aberdeen Agents Elect

ABERDEEN, S. D., Dec. 23.—A new advertising program was mapped by Aberdeen local agents at a meeting of the local board. Under the plan, the insurers will band together in their newspaper and radio advertising, thus achieving a greater display with the same benefit to all.

New officers were chosen: W. R. Wells, president; A. D. Milligan, vice-president, and N. R. Murner, secretary. They replaced A. N. Hoffman, state president, who had also been local head, K. P. Squire, and Bern Dickinson.

Agency Becomes Fox & Fox

The name of the Moore & Fox agency in Indianapolis has been changed to Fox & Fox. R. C. Fox six years ago bought the Moore interest in the agency following the death of George H. Moore, and his son, R. M. Fox, has been affiliated with the agency for the past three years. The agency has been in operation more than 30 years.

Beatty Heads Adjusters Club

MINNEAPOLIS, Dec. 23.—Robert Beatty has been installed as 1937 president of the Fire Insurance Adjusters Club of Minnesota. Julian Berkvam is vice-president and G. S. Peick, secretary-treasurer.

Seek Pension Funds

OMAHA, Dec. 23.—Firemen here are bringing pressure to bear upon the city council to levy a special tax to pay pension now that the state law has been held invalid. The proposal is to levy the tax on all businesses benefited by the fire department and not on insurance companies. Meanwhile firemen are organizing for reenactment of the state tax on fire premiums collected in incorporated cities and villages.

Pearce Heads Mutual Group

TOLEDO, Dec. 23.—W. D. Pearce of Fremont, O., has been reelected president of the Mutual Fire & Casualty Association of Northwestern Ohio. Other officers are: R. A. Shenfield, vice-president; Frances R. McElheney, secretary, and C. I. Boyd, treasurer. On the executive committee are O. J. Marsh, W. R. Boyd, R. B. Keller, M. P. Jefferys, C. C. Dussel, D. K. Grisier and V. J. Snyder.

Cat's Meow Annual Meeting

ST. LOUIS, Dec. 23.—The St. Louis court of Cats Meow will hold its annual meeting Dec. 28. The business meeting, with C. H. Jung, most wise and powerful meow, presiding, will be followed by a dinner.

Name Sioux Falls Committee

SIOUX FALLS, S. D., Dec. 23.—Several insurance men have been named to the fire prevention committee of the Sioux Falls Chamber of Commerce.

C. E. McLaughlin, manager of the General Inspection Bureau, is chairman with the following associates: E. W. Beardsley, manager Western Adjustment; H. O. Engen, manager Union Security; P. J. Edmison, secretary Shaw Agency, and E. H. Partch, state agent America Fore.

K. C. Mutual Men to Organize

KANSAS CITY, Dec. 23.—Representatives of direct writing fire and casualty mutuals met here to plan a permanent organization. Another meeting will be held Jan. 11 to form the organization. Leon Liesenberg, manager Federal Hardware & Implement Mutuals, is actively promoting the idea.

Kansas City Losses Up

KANSAS CITY, Dec. 23.—Total fire losses in Kansas City for the first 11 months, according to Dr. L. C. Johnson, fire department director, were \$1,186,672, compared with \$783,148 in the same period of 1935. November losses were \$70,491, compared with \$37,412 a year ago.

Opens Office at Muncie

The Underwriters Adjusting will establish a resident adjuster's office at Muncie, Ind., Jan. 1 with headquarters at 416 Johnson block. This office will be under the direct supervision of the Indianapolis branch and will be in charge of Fred Tucker.

Mr. Tucker was originally on the staff of the head office in Chicago and for the past six years has been operating out of the Indianapolis office. Joe Cline, Indiana supervisor, has returned from a tour of the contemplated territory. The appointment completes the expansion program in Indiana for the current year.

St. Paul Losses Lower

ST. PAUL, Dec. 23.—Fire losses in St. Paul this year promise to fall well below the 1935 figure and also below the average in recent years, according to

Capt. John Townsend of the fire patrol. Losses to Dec. 15 were estimated at \$530,136 compared to \$700,773 in all of 1935. Due mainly to one large loss of \$105,000 in June, the losses for the first half of 1936 were \$80,000 higher than in 1935, but since then the showing has been more favorable. Two large incendiary fires in December, 1935, brought up the total for last year.

St. Paul fire losses in recent years have been running around \$600,000.

Will Distribute Bonus

General Insurors, St. Louis agency, will pay Christmas bonus to all employees. It reports a very satisfactory increase in volume for the year.

Badger Mutual to Build

The Badger Mutual Fire of Milwaukee is preparing to erect a home office building, consisting of one story and basement. The plan is to put in foundations that will support a four story building. A site was purchased for \$100,000.

Espy Agency Is Endorsed

The application of G. Andrews Espy, Inc., for membership in the Cincinnati Fire Underwriters Association has been approved by the governing committee and will be acted on at the January meeting. Qualifying company is the Halifax. Principals in the agency are G. Andrews Espy and B. A. Rielage.

Middle West Notes

The **Ralph B. Innis** agency of Kansas City has moved its office to 1112 Commerce building.

Mrs. J. N. Hall, Rochester, Minn., one of the most active women agents in Minnesota, is seriously ill.

The **Danish Mutual Fire** has purchased the former Farmers Bank building, Elk Horn, Ia., and will establish its headquarters there.

Erection of a standpipe at **Barnesville, O.**, has resulted in a reduction in insurance rates there from \$1.89 to \$1.37, a saving of nearly \$20,000 to property owners.

IN THE SOUTHERN STATES

Right to Deviate Is Refused

Oklahoma Board Declines by Vote of 2-1 to Permit American Druggists to Cut Manual Rates

By a vote of two to one, the Oklahoma insurance board has refused to sanction a 25 percent deviation in rates on the part of the American Druggists Fire of Cincinnati. Secretary S. W. Philpott and W. C. Theimer voted against the deviation and Commissioner J. G. Read voted in favor of allowing it. In an order issued by the board on July 11, all previously granted deviations were withdrawn as of Sept. 1 and all companies were instructed to adopt manual rates and rules. Subsequently American Druggists Fire applied for a deviation of 25 percent. A hearing was held Oct. 21.

Last week Mr. Read asked that action be taken upon the request of the American Druggists.

"I believe," Mr. Read said, "this board has the right, as it did Oct. 21 last, to call in the company or its representatives and ask for a showing as to whether or not it can safely operate on the rates indicated by the general basis schedule. In this board's letter of July 11, last, to all companies, it was stated that a further study and investigation of all rates would be made and in a later letter which went out from this department, it was stated to this company, that the board had the right, by examination or otherwise, to determine

whether a company was solvent and able to operate at a rate below so-called bureau or board rates. This company did make a showing before the state insurance board on Oct. 21, that it had \$750,000 capital and \$1,165,183 surplus; that it had operated for 30 years and, although operating for the past 10 years at a reduced rate of 25 percent, it had at the same time paid stockholders a dividend of 18 percent and, to my mind, the company made sufficient showing of its solvency and its ability to continue writing in Oklahoma as heretofore and on the same basis as it now operates in 42 other states. If it be true that this board differs with me as to the right of a company to file its own general basis schedule, then the question of solvency would not, perhaps be considered. I believe that where a doubt exists that this board should give that interpretation of the law which is most favorable to the public."

"For many years," said Mr. Philpott, "insurance companies in Oklahoma have used all kinds of rates which made state supervision difficult, if not impossible. While some were cutting rates others were charging bureau rates and the net result has prevented this state from securing anything like a true picture of insurance costs."

The secretary said that beginning a year ago, the state undertook to determine just what conditions exist in Oklahoma and a study over this period has revealed the necessity for a stable rate program until time shall develop an accurate experience of the amounts col-

lected and losses paid by the insurance companies.

"It is discriminatory to permit certain few drug stores to purchase insurance at an advantage over their competitors," the secretary added, "and Mr. Theimer and I believe that the legislature intended all of our people should be treated alike and not have some pay high premiums while favored ones get theirs at cost. For this reason we want to stabilize rates in the hopes that when we can clear all the inequalities it will produce a result demanding further reductions in insurance rates to all the people alike. The state insurance program is coming to the close of its first year and a public saving of more than a million dollars a year has already been effected through reduced rates to Oklahomans. Foreign insurance companies because of this orderly regulation of business, have begun to look with more favor towards our state and when this program reaches its objective, we shall see vastly improved conditions producing better insurance protection at lower cost."

Slaughter Is Retiring Jan. 1

Royal's Assistant Southern Manager Reaches Retirement Age After 43 Years of Service

W. Q. Slaughter, assistant southern manager of the Royal at Atlanta, is retiring Jan. 1, after 43 years of service, having reached the company's retirement age. Mr. Slaughter has the Royal in every department in the Atlanta office. He joined the company on Oct. 12, 1893, in the old southern department under Managers Barbee & Castleman in Louisville. In 1902 when the southern department was transferred to Atlanta under Milton F. Dargan, Mr. Slaughter was transferred to the new headquarters. Of the score or more who moved at that time Mr. Slaughter is the only surviving member.

Mr. Slaughter became chief clerk of the underwriting department at Atlanta and was appointed special agent in 1912, traveling Georgia, Alabama and Florida. Mr. Slaughter spent much of his time in training special agents and in traveling the territory with newly appointed field men. Mr. Slaughter is said to have trained more field men in the southern department than any other manager. He was appointed agency superintendent in 1917 and became assistant manager in 1918. He continued in that regime after S. Y. Tupper became manager. In recent years Mr. Slaughter has supervised the underwriting of sprinklered and fireproof business. Mr. Slaughter is one of the pioneers of the typewritten bordereau.

Remove Exposure Charges on Dwellings in Texas

AUSTIN, TEX., Dec. 23.—The Texas board of insurance commissioners has

revised fire insurance rates on dwelling properties in Texas, effective Jan. 1. The rates on exposed dwellings have been reduced through the elimination of exposure charges from dwelling class risks. The rates on unexposed dwellings remain approximately the same.

The rates on exposed rooming houses and apartment houses have also been reduced through the elimination of exposure charges from similar class risks. Deficiency charge for standard bracket flue has been eliminated under the dwelling and apartment house rating schedules.

Dieter Named in San Antonio

At the annual meeting of the San Antonio Insurance Exchange the following officers and directors were elected: C. F. Dieter, Eichlitz & Co., president; W. R. Levy, Levy & Levy, vice-president; F. F. Ludolph, secretary-treasurer (re-elected); W. L. Stiles, Piper & Stiles, and J. Elmo Hammonds, directors. William Greaves and Albert Breyer are holdover directors.

Robert B. Harding, retiring president, reported no delinquencies on dues and that the exchange is in an excellent financial condition.

Secretary Ludolph stated that the advertising program which has been followed by the San Antonio Exchange has brought very satisfactory results and that more and more those buying protection are asking whether agents are members of the exchange.

Dr. R. M. Muir, of the Red Cross, discussed first aid. He cited the successful experiences of industrial corporations in the reduction of accidents through the training of men and instruction in the use of first aid methods.

Approves Supplemental Contract

NEW ORLEANS, Dec. 23.—The Louisiana insurance commission has approved the issuance in this state of the new supplemental contract, already adopted in many other states.

Two New Georgia Branches

ATLANTA, Dec. 23.—The Fire Companies Adjustment Bureau is opening two branch offices in Georgia, one at Augusta in charge of Chas. I. Mell, Jr.; and one at Columbus under the management of Sam Wilkins. Both have been with the bureau for a number of years. They will begin operation shortly after Jan. 1.

Virginia Measures Passed

RICHMOND, VA., Dec. 23.—The Virginia general assembly passed an act at its special session last week permitting an insurance agent in a border city to be classed as a Virginia agent if he has his residence or principal office in any part of the city, provided the other state has a reciprocal law.

Another law passed would give domestic insurance companies five years additional time in which to dispose of non-approved securities.

The assembly also passed a law au-

thorizing the state treasurer to accept deposits from insurance companies other than life when the amount is in excess of that required by the state but is required by other states in which they are doing business. Heretofore there was no law on the statute books giving him authority to receive such deposits except in the case of life companies for which there is a special provision in the insurance code.

Report on Florida Fund

TALLAHASSEE, FLA., Dec. 23.—Of \$12,011,003 fire coverage on state properties \$9,836,653 is carried in the state fire fund and \$2,174,350 in private companies. Premium receipts to the state fund since its establishment in 1917 based on company rates have been \$822,079, with losses of \$130,628. Administration expense has totaled \$41,763, \$1,073 in 1935-36. The 2 percent premium taxes lost to the state, charged against the fund total \$16,441. The un-

derwriting profit has been \$633,245 and net earnings, including \$131,945 interest earned, since 1917 have been \$765,191.

Kline Talks to Women's Club

OKLAHOMA CITY, Dec. 23.—The Christmas party of the Oklahoma City Insurance Women's Club took the form of an evening banquet. With Miss Mary Cowan as toastmistress, a program of music was given followed by an address on "The Origin of Christmas" by George W. Kline, manager Fire Companies Adjustment Bureau.

Braniff's Christmas Party

OKLAHOMA CITY, Dec. 23.—A unique program was presented at the Christmas party given for employees and officials of the T. E. Braniff Co. at the country home of Mr. and Mrs. Braniff. Under a committee headed by E. E. Doggett, a regular minstrel show was presented exclusively by company talent, with Mr. Doggett as interlocutor.

MERCHANTS INSURANCE COMPANY OF PROVIDENCE

31 CANAL STREET INCORPORATED 1851
PROVIDENCE, RHODE ISLAND

• STATEMENT AUGUST 1, 1936 •

ASSETS

Bonds and Stocks.....	\$2,700,032.85
Cash Balance	198,284.79
Agents' Balances Outstanding.....	328,759.92
Accrued Interest, Other Assets.....	46,824.85
	\$3,273,902.41

LIABILITIES

Reserve for Unearned Premiums.....	\$1,082,821.00
Losses in Course of Adjustment.....	60,322.00
Reserve for Taxes, Expenses, All Other Liabilities.....	62,914.22
Special Reserve Account.....	30,000.00
Capital Stock	\$1,000,000.00
Net Surplus Beyond All Liabilities....	1,037,845.19
Surplus to Policyholders.....	2,037,845.19
	\$3,273,902.41

NOTE: All bonds and stocks are carried at Actual Market Value.

Policyholders rating A+ (Excellent)

This company is built on the best practices of insurance and the fine traditions typical of New England.

COOLING - GRUMME - MUMFORD CO., INC.

General Agents for Indiana:—

American Equitable Assurance Company
New York Fire Insurance Company
Manhattan Underwriters Agency
Standard Insurance Company of New York

Indiana Insurance Company
Associated Indemnity Corporation
American Fidelity & Casualty Company
Switzerland General Insurance Company, Ltd.

writing

All lines of Fire, Automobile, Casualty and Inland Marine Insurance
Excellent facilities for coverages on LONG HAUL TRUCKS
Liberal Commissions

AGENTS WANTED IN INDIANA

BROKER'S ACCOUNTS SOLICITED

CONSOLIDATED BLDG., INDIANAPOLIS

An informal dinner was followed by the program and a Christmas tree, with gifts for everyone.

New Rating Bureau Director

NEW ORLEANS, Dec. 23.—Harry Spaulding of the Great American group has been elected a director of the Louisiana Rating & Fire Prevention Bureau.

To Meet in Monroe in '37

Decision to hold the 1937 annual convention of the Louisiana Insurance Society in Monroe was reached by the executive committee at a meeting in Baton Rouge. The Ouachita Insurance Exchange will be hosts at the Monroe meeting, which will be held in April.

Transfer Fire Marshal's Office

LITTLE ROCK, Dec. 23.—Guy E. Williams, now assistant attorney-general, probably will be appointed state fire marshal under the plan for reorganizing the insurance department to remove Commissioner Gentry and make effective the appointment of M. J. Harrison, Little Rock lawyer. The fire marshal's office will be transferred from the insurance department to the attorney-general's office.

Florida Secretary Active

JACKSONVILLE, FLA., Dec. 23.—A. C. Eifler, secretary of the Florida Insurance Agents Association, continues to justify the action of the association in having a full-time man. He has just returned from a trip over the territory and reports total membership in good standing 423. New members secured in two weeks total over a dozen.

May Amend Resident Agent Act

TALLAHASSEE, FLA., Dec. 23.—It is evident that a bill to amend the present resident agents law will be presented at the coming session of the legislature. Such a movement, with the approval of the agents and the department of insurance, was in the hopper at the last session but never got out by reason of a big jam in the closing days.

Celebrates 50th Anniversary

The agency of A. W. Young & Son at Hillsboro, Tex., one of the oldest in central Texas, celebrated its 50th anniversary a few days ago. The agency was organized in the '80s by Lowery & Connally. Mr. Young became associated with it in 1888. He later acquired the entire business, and his son became affiliated with him in the agency.

Discuss Social Security Act

DALLAS, Dec. 23.—At the regular meeting of the Dallas Insurance Agents Association the social security act, especially as it applies to insurance companies and workers, was discussed. President McLarry reviewed briefly the more important activities of the organization at this time. Several new members were introduced.

Dauwalter in North Carolina

GOLDSBORO, N. C., Dec. 23.—F. S. Dauwalter of New York, manager of the Business Development Office, urged care by the public in placing insurance in an address at the final session of the North Carolina Association of Insurance Agents' mid-winter meeting. He urged consideration of companies' financial reports and their ability to pay claims in full.

Approximately 75 agents attended the sessions. L. E. Dimmette of Lenoir, state president, was in charge.

Agency Changes Name

The name of the Robertson-Crouch Company, Nashville general agency, will be changed Jan. 1 to Robertson & Nichols. The present corporate structure and personnel will be retained and officers of the old company will have the same positions in the new one.

Robertson & Nichols will have a new

location at 516 American National Bank building, while the old company was located in the Independent building.

E. A. Robertson is president and E. C. Nichols is secretary-treasurer.

Harkey Elected President

E. L. Harkey has been elected president of the Charlotte, N. C., Insurance Exchange. E. F. Young is vice-president and A. S. Orr is reelected secretary-treasurer. R. L. Price and H. H. De Armond are executive committeemen.

Christmas Contest for Solicitors

The Coleman & Co. agency of San Antonio, Tex., has been conducting a

Christmas contest among its solicitors, 20 in number. Prizes will be awarded the three leading producers in fire and allied lines. The first prize will be a 15-pound turkey, the second a hen, and the third a goat.

J. E. Marsh Carries On

While E. M. Phillips, president of E. M. Phillips & Co., insurance adjusters of Birmingham, is in a hospital his business is being carried on by his partner, J. E. Marsh. Mr. Phillips is gradually improving following an automobile accident in which his wife was killed.

In a recent item the First Investment Company of Bartlesville, Okla., was incorrectly referred to as the Just Investment Company. J. J. Quinn is manager.

PACIFIC COAST AND MOUNTAIN

Heatwole Reelected in Denver

Provisions in Proposed Licensing Bill, and Bailey's Recommendations Are Considered—View Finance Action

DENVER, Dec. 23.—Tracy C. Heatwole and Paul R. Spahr were reelected president and vice-president, respectively, of the Denver Association of Insurance Agents at its annual meeting. Although urged strongly by the whole body to continue his good work done as secretary for several years, W. Rex Kerr refused the nomination due to the press of other work. Hubert P. Wolfe was named secretary. The president was instructed to appoint a director created by the expiration of Max Schayer's term.

Hal D. Van Gilder's report on the work of the legislative committee in drafting the present licensing bill and on certain changes in it recommended by A. T. Bailey of the Supervisory Committee, provoked a lively discussion. The Denver association unanimously approved Mr. Bailey's suggestion that the section of the bill requiring that solicitors be licensed at \$2 each and that they be in the sole employ of a licensed agent and office with him, be supplemented to provide that a solicitor could not solicit business for any companies other than those represented by the agent who requested his license.

Exclusive Agents Not Favored

His suggestion that the bill be amended to permit fire companies to license an unlimited number of exclusive automobile agents such as finance companies did not meet with general approval. The principal objection to this change was the feeling that under the local agency license setup provided, if a man is licensed to write auto business he could not be prevented from also writing fire business and thus all the teeth would be taken out of the law.

Reports concerning the investigation by the Federal Trade Commission of the purported 6 percent finance plan of various automobile finance companies were also discussed. The opinion was expressed that if these finance companies are forced to call the plan a 12 percent plan or not give it any name, there are many local finance companies which will cooperate with local agents.

Favor Combined Association

A. P. Miller's proposal for the formation of a combined fire, casualty and accident and health association was favorably received and the committee he heads was urged to go ahead and work out the plan.

In his report as chairman of the public business committee, Max Schayer recommended that the association provide public officials with information on an insurance program for the school board.

David J. Main, as chairman of the fire and accident prevention committee, recommended that the association furnish speakers for public school programs during fire prevention week and

that they sell the school board on the idea of similar educational meetings on accident prevention and the distribution of safety literature in the homes through children.

Cooperative Ads Successful

In his report as chairman of the cooperative advertising committee, A. P. Miller declared that if the group's cooperative advertising campaign of the past year had done nothing else but stimulate interest among non-member agents as a result of local and national publicity, it would have been worthwhile. Frank England, Jr., chairman of the membership committee, urged that the interest created in the advertising be taken advantage of in a concentrated membership drive early next year. Membership is the same as at the last annual meeting. "There are many disturbing forces on the insurance horizon and they'll grow more and more numerous," Mr. England declared. "We must be organized to combat these things as they come along. There are 3,000 licensed agents in Denver and our group only has 33 members."

Pasadena Concern Expands

LOS ANGELES, Dec. 23.—James T. Cox, insurance manager for the West Coast Bond & Mortgage Company, Pasadena, reports that due to expansion of the business of that department, the company found it necessary to remove a tenant on the first floor of its building and install Mr. Cox in the larger headquarters. Mr. Cox was special agent of the Indemnity of North America for several years, previous to which he served as manager for the Insurance Credit Clearing Association in Los Angeles.

Merritt Feted at Dinner

Following a two-day business conference of Pacific Coast representatives of the Pearl Assurance in San Francisco, the annual dinner given by the staff of the Pearl-American fleet to Manager Alfred L. Merritt was held. Entertainment was furnished by professional night-club talent. Attending the meeting and dinner were representatives from San Francisco, Los Angeles and Seattle.

Horwitz in Own Office

LOS ANGELES, Dec. 23.—Starting his 10th year in the insurance business, Nathan H. Horwitz opened his own offices in 740 Fidelity building, and amidst an abundance of floral pieces, he held open house for three days. Mr. Horwitz for nearly nine years was a broker in the agency of Matt Mancha. His associate, Manny Harmon, is well known in musical circles.

Adjustment Bureau's New Men

DENVER, Dec. 23.—Phil Carter, formerly with the Western Adjustment, has been appointed an adjuster for the Fire Companies Adjustment Bureau here and is now handling general assignments. He will probably be assigned to a permanent post shortly after the first of the year. Mr. Carter has been

in Arizona for the last five years, due to the ill health of one of his sons.

The Denver bureau has also added to its staff Fred C. Blake, Albuquerque, N. M., attorney, who becomes a casualty and automobile adjuster there under the supervision of Walter Zener, special risks superintendent.

Discuss Oregon Legislation

SALEM, ORE., Dec. 23.—The legislative committee of the Oregon State Agents Association held a pre-legislative meeting here, called by G. W. Haerle of Portland. Matters of legislative import were discussed and a decision made to hold another meeting next week with Commissioner Earle.

San Francisco Accountants Elects

SAN FRANCISCO, Dec. 23.—A. C. Griffin, Royal-Liverpool group, was elected president of the Insurance Accountants Association of San Francisco, succeeding Oscar G. Coy, Hartford Indemnity; G. W. McCallan, Atlas, was named vice-president; W. O. Gropius, Corwin company, was reelected secretary. The executive committee consists of A. C. Gorman, Fireman's Fund Indemnity; H. J. Burns, Continental, and the president and vice-president.

Catlin Leaves for East

SAN FRANCISCO, Dec. 23.—Sheldon Catlin, vice-president of the North America, has left for the home office following a ten-day visit here during which he arranged details for construction of a new building here to house Pacific Coast offices of the companies. It is expected work on the new headquarters will start about Jan. 1.

Mr. Catlin made tours of points of interest in company with R. W. Forsythe, Pacific Coast manager of the Indemnity of North America, and McClure Kelly, Pacific Coast manager of the North America.

Honor F. F. Alexander

Employees of the San Francisco offices of the United Mutual and Liberty Mutual honored F. F. Alexander, assistant secretary in charge of Pacific Coast operations, at a dinner in celebration of his recent appointment as sales manager and assistant secretary at the home office. Henry Wilson, manager at San Francisco for the Liberty Mutual, was toastmaster. Several pieces of silver were presented Mr. Alexander. W. B. Goff, office manager of the United Mutual and oldest employee of the company in the Pacific Coast territory, made the presentation.

Joins Credit Organization

T. Mitchell Burns, Jr., Denver local agent, has become manager of the Underwriters Insurance Exchange, insurance department of the General Credit Corporation.

Landis Is Named President

Philip F. Landis of Hinchman, Rolph & Ellis, San Francisco, has been elected president of the board of directors of the San Francisco Junior Chamber of Commerce.

Ontario Carriers to Merge

Negotiations are under way for the merger of the Economical Mutual Fire of Kitchener, Ont., and the Merchants Casualty of Waterloo, Ont. The proposal will be submitted to shareholders of the Merchants with expectation that the merger will be completed by Jan. 1.

The Economical Mutual made an offer to the Merchants Casualty for its assets, which directors of the latter concern reported as agreeable. The former does a fire and windstorm business and in January will start handling plate glass policies. If the company takes over the Merchants, it will also sell automobile and accident and health coverage as well. If the merger goes through the head office will be in Kitchener.

INSURANCE ATTORNEYS

• The insurance law firms whose professional cards are shown on this and the succeeding pages have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

ALABAMA

**LAW OFFICES OF
Coleman, Spain, Stewart
& Davies**
706 to 719 Massey Building
Insurance Attorneys
Birmingham, Alabama

ARIZONA

HENRY C. McQUATTERS
Masonic Building
Flagstaff, Arizona
Trial of all insurance cases in State and Federal Courts. Covering Northern Arizona.

**FRED C. STRUCKMEYER
Associates**
J. Bolivar Sumter
James E. Flynn
209 Luhrs Building
Phoenix, Arizona

FREDERIC G. NAVE
512 Valley National Bldg.
Tucson, Arizona

Aetna Group, American Auto, Connecticut Indemnity, Fidelity & Casualty, The Massachusetts Bonding, The Travelers and other leading companies.
General Insurance Practice

CALIFORNIA

HERBERT W. KIDD
735 I. N. Van Nuys Building
LOS ANGELES
Eugene S. Ives Victor C. Rose
Fred Aberle John B. Bolton
Benjamin R. Parks
Equipped Investigations, Adjustments.
Trial All Cases.
Cable Address—Herkel

**MESERVE, MUMPER,
HUGHES & ROBERTSON**
555 So. Flower Street
Los Angeles, California

Irving E. Read
910-742 S. Hill Street
Los Angeles, California
Specializing in Trial Work. Claims referred to competent adjusters. Member of Chicago Bar from 1912 to 1929.

**WILLIAMSON, RAMSAY &
HOGE**
Title Insurance Building
433 S. Spring Street
Los Angeles, California

CALIFORNIA (Cont.)

Dunn, White & Aiken
Sixth Floor, Syndicate Bldg.
Oakland, California

**HUSTON, HUSTON &
HUSTON**
Capital National Bank Building
Sacramento—California
Also Offices
Democrat Building
Woodland, California

NOLAND & SEGRETTI
Salinas National Bank Bldg.
Salinas—California

Equipped for investigations, adjustments, settlements of claims, trial of all insurance cases in State and Federal Courts in this territory.

Hugh A. Sanders Y. A. Jacques
SANDERS & JACQUES
920 Bank of America Building
San Diego, California
Fidelity & Cas. Co. of N. Y., Ocean Acc. & Guar. Co. Trial of All Insurance Cases in State and Federal Courts.
Equipped for investigation and adjustments in surrounding territory.

**HADSELL, SWEET,
INGALLS & LAMB**
Financial Center Building—San Francisco
Partial Representation: Continental Cas. Co., Fidelity & Cas. Co., Globe Ind. Co., Great Amer. Ind. Co., London Guarantee & A. Co., Medical Prot. Co., New Amsterdam Cas. Co., Phoenix Ind. Co., Royal Ind. Co. and various Life, Fire and Health and Accident Companies.

KEYES & ERSKINE
Herbert W. Erskine William A. White
Morse Erskine J. Benton Tulley
625 Market Street
San Francisco, California
General Counsel Pacific National Fire Ins. Co. Trial of insurance cases in State and Federal courts.

JOHN J. TAHENY
Hobart Building
San Francisco, California
Representing Associated Indemnity Corp., General Reinsurance Corp., and others.
Former vice-president and general counsel of Associated Indemnity Corp., and Associated Fire & Marine Ins. Co., San Francisco.

**THORNTON, MENZIES &
TAYLOR**
311 California Street
San Francisco, California
548 South Spring St.
Los Angeles, California
Refer to any insurance office in San Francisco. Aetna, Continental, Caledonian, Home, Home Indemnity. Others on request.

COLORADO

LEE, SHAW & McCREERY
1217 First National Bank Bldg.
Denver, Colorado

Company references given on request.
Equipped for investigations, adjustment and settlements of all claims. Trial all insurance cases in State and Federal Courts.

CONNECTICUT

**POND, MORGAN AND
MORSE**
39 Church Street
New Haven, Connecticut
United States Fidelity & Guaranty
Fidelity & Casualty
General Accident and many others.

DELAWARE

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EAST

New Pennsylvania Standards

Commissioner Hunt Announces Agency Qualification Plan — Two Classes
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HARRISBURG, PA., Dec. 23.—Tightening of educational and other requirements for applicants for insurance agents' licenses in Pennsylvania is announced by Commissioner Hunt. The new standards are the result of a two-years' study.

Under the new requirements, the applicant's average in the examinations conducted by the insurance department and his other qualifications will be considered jointly in deciding if he is to have a license, Commissioner Hunt said.

Agents are divided under the new rules into two classes, those authorized to countersign policies in addition to soliciting risks and collecting premiums, and those known as solicitors, entitled to solicit and collect but not to countersign the policies.

School or Experience Required

The latter group will be required to have completed at least nine months' study in a school of insurance, either day or night classes, or to have actually been employed with an insurance office for at least nine months. Those seeking authorization to countersign policies will have to present a certificate showing completion of the insurance course in a school of insurance, day or night classes, or else that they have been licensed to solicit and collect premiums for at least one year immediately preceding the date of application. Experience in this or any other state corresponding to the foregoing will be acceptable.

Temporary licenses for a period of 60 days will be issued in cases where it is necessary to conserve an established agency representation.

Highly Specialized

"Our making the tests more up-to-date is not being done with any purpose of keeping qualified people from securing licenses," Commissioner Hunt said. "It is the policy of this department to raise standards but not to try to keep really capable people out. The job of insurance agent today must be regarded as a highly-specialized profession. The public must put their faith in those who profess to deal with each particular specialty, and it is necessary that their confidence should be justified."

Examinations in the future will be held once a month instead of twice, and those failing to appear must wait three months and then have a new application filed.

McDevitt Springfield Speaker

SPRINGFIELD, MASS., Dec. 23.—James J. McDevitt, general adjuster Fire Companies Adjustment Bureau, addressed the Springfield Fire & Casualty Underwriters Association, discussing adjustments.

Rochester Mutual Election

ROCHESTER, N. Y., Dec. 23.—The Mutual Insurance Underwriters of this city has elected the following officers: R. C. Marron, president; W. E. Taylor, vice-president, and G. E. Racicot and H. W. Jespersen, members of the executive committee. Advertising, sales training and legislative committees were

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appointed. The association pledged co-operation to other civic clubs in accident and fire prevention work.

President Wingett Is Feted

SCRANTON, PA., Dec. 23.—Local agents held a dinner in honor of W. F. Wingett, recently elected president of the Pennsylvania Association of Insurance Agents, and Mrs. Wingett. A large number of agents in northeastern Pennsylvania attended.

A gift was presented by E. D. Thomas of Scranton and H. M. Albert of Stroudsburg spoke briefly. Gus N.

Brown was chairman of the arrangements committee.

Philadelphia 'Phone Directory

The Philadelphia Insurance Telephone Directory published by THE NATIONAL UNDERWRITER is being distributed this week. This convenient volume has been published by THE NATIONAL UNDERWRITER for the last several years. It expedites considerably the transaction of business in the city and is valued by the various offices.

Alex Left of New Haven, Conn., has sold his agency to Morton Rappoport.

MOTOR INSURANCE NEWS

Trailer Legislation Is Sought

Speaker of House in Michigan Names Special Sub-Committee to Study Problem from All Angles

LANSING, MICH., Dec. 23.—A movement for regulation of automobile house car trailers by specific legislation at the 1937 session of the Michigan legislature is attracting considerable attention among insurance men because of the many points at which insurance interests are affected.

Speaker George A. Schroeder, who heads the legislative council and who has been reelected a member of the lower house for the 1937 session, has named a special council sub-committee to study all angles of the problem. Senator J. C. Roosevelt of Detroit has been named head of the sub-committee. Mr. Schroeder said he was anxious to sound out sentiment of police, safety and health officials regarding regulation of house cars, which have multiplied many times since the last regular legislative session and have set up many new problems.

The present law regards these trailers the same as all commercial trailers, merely licensing them through the motor vehicle division of the department of state. In many cases now, however, in addition to augmenting highway hazards in many ways, the house cars are serving as permanent or itinerant domiciles for thousands of persons and governmental leaders fear that their use in this way is likely seriously to affect tax revenues. At least one test case has been decided in the state in which a justice held that house cars used as permanent dwellings were subject to local zoning or building ordinances.

Hold Kansas City Meeting on Auto Theft Situation

KANSAS CITY, Dec. 23.—Judge H. F. McElroy, city manager, called together leaders among automobile dealers, insurance men, financing, and police work to discuss the motor car theft situation here.

A reduction in thefts here would be beneficial to all four groups as well as the victims, McElroy said. Kansas City has some 50,000 automobiles and 600 policemen, with approximately 250 of

the latter on duty at one time. Naturally they can't watch very many of the cars, so many of which are parked on the street.

He will call another meeting in the near future to discuss plans for remedying the situation.

Among those who attended the meeting were George Oppenheimer, local agent; W. S. Ewald, American Automobile; O. P. Rush, Kansas City Fire & Marine; R. H. Mann, president Insurance Agents Association of Kansas City; Walter Chesnut, Western Adjustment; M. E. Ramsey, General Insurance Exchange; Frank Jacks, Underwriters Adjusting; Frank McGee, Thomas McGee & Sons, and George McNally, Associated Insurance Companies.

Louisville Thefts Decrease

LOUISVILLE, Dec. 23.—Of 1,069 automobiles stolen in Louisville in the last fiscal year, police recovered 1,055, Lieut. Roy F. Parson, head of the motor theft squad, reports. Value of the cars recovered was \$579,050, or 98.6 per cent of the total value of those stolen.

The report showed a sharp drop in automobile thefts since 1930. That year 1,770 cars valued at \$1,065,000 were stolen and 1,754 recovered.

MARINE

Record Policy Is Written

Contract for \$85,000,000 Covers Every Possible Mishap to New York Bridges and Tunnels

The Port of New York Authority has placed through cooperation of the Inland Marine Underwriters Association more than \$85,000,000 insurance, all risks, on the bridges and tunnels leading into New York City, which are controlled by the Authority. It is the first five-year contract written through the association.

J. S. Frelinghuysen Corporation and

other brokers participated with the Frelinghuysen office as broker of record. The insurance is the largest ever placed under one policy. An all risk property damage form covers \$73,369,750. Use and occupancy, adjusted value form, covers \$11,875,000.

The properties are insured for 80 per cent of the replacement value.

Covers Every Mishap

The covers take care of literally any mishap that possibly could occur. It even includes coverage against direct or remote losses caused by war, riot or civil commotion, specifically mentions "other acts of God," and even damage caused by hostility arising on account of illicit trade, violation of law, trade in articles contraband of war or any operation incident to war whether before or after declaration. The policy even protects the authorities against loss from piracy or falling meteors.

The inter-state facilities included are: George Washington bridge, Bayonne bridge, Outerbridge Crossing, Goethals bridge and the Holland tunnel. Included in the policy is automatic coverage of the mid-town Hudson tunnel when the south tube which will be opened in another year is accepted from the contractors by the authorities. It also takes care automatically of the north tube, construction of which is about to start. Also provided against is loss of revenue from interruption of operations on either the Holland tunnel or the mid-town Hudson tunnel to an amount proportionate to the annual gross revenues from tolls therefrom. It thus gives protection to bondholders of these facilities.

Thirty-two companies underwrote the line, which have combined assets of \$623,546,000. Arrangements were handled by J. E. Ramsey, general manager, and E. T. Lanterman, superintendent of insurance and claims of the Port Authority.

Mutuals Form Marine Bureau

Under the aegis of the Federation of Mutual Fire Insurance Companies, an organization known as the Mutual Marine Conference has been formed. This has been in process of organization since the annual meeting of the federation Oct. 14. At that time an executive committee was appointed to draft a constitution and another committee was appointed to draw up standard inland marine forms.

The latter committee has been in session in Chicago for about two weeks and has prepared 24 forms, recommended as mandatory upon all members. That committee is composed of T. L. Osborn, Jr., National Retailers Mutual; T. M. Holloran, Grain Dealers National Mutual Fire; G. M. Madden, Western Millers Mutual of Kansas City; E. J. Raabe, Central Manufacturers Mutual of Van Wert, O., and R. E. Morris, United Mutual Fire of Boston.

The executive committee that drafted the constitution is composed of R. M.



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Record Year in AUTOMOBILE INSURANCE

The big parade of 1937 models has started. Manufacturers are planning huge production. Trade prophets predict new sales peaks. The public has loosened its purse strings and — *there will be a "whale of a lot" of automobile insurance written during the next few months.*

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Rogers, Western Millers Mutual Fire; J. J. Beall, Northwestern Mutual Fire of Seattle; H. J. Pelstring, Pennsylvania Lumbermen's Mutual Fire; H. B. Carson, Miller Owners Mutual of Des Moines, and John A. Arnold, Federal Mutual Fire.

Inland marine loss experience of members will be pooled and standardized policies will be issued on the more common coverages.

Fur Coat Business Up

One of the indications of prosperity of boom time proportions that is found these days is the greatly increased sale of fur coats. The marine people find that there has been a sharp increase in the demand for fur coat insurance. In their investigations, they discover that many persons are buying these coats beyond their capacity comfortably to pay. This, of course, introduces the moral hazard possibility.

Opens New Detroit Office

United States Manager F. W. Koeckert announces the opening of a new service office for all-risks and inland marine business under the direction of P. F. Hanley at the Commercial Union office, 410 Washington Boulevard building, Detroit, servicing the state of Michigan. Mr. Hanley has been in the employ of the company for 10 years and has received an intensive training in the fire, general cover, and all-risks departments which qualifies him to assume his new duties. Heretofore he has been fire special agent with headquarters in Detroit. Last week Commercial Union announced the opening of a new all risks office in Milwaukee under H. S. Emmerich.

Laird Portland Speaker

PORTLAND, ORE., Dec. 23.—James S. Laird, manager of the marine department of Lamping & Co., spoke to the Insurance Men's Breakfast Club here on the personal property floater.

Cleveland Marine Man Dies

CLEVELAND, Dec. 23.—Ernest P. Lenihan, president of Lenihan & Co., Cleveland agency, died suddenly from a heart attack at his home here.

Mr. Lenihan was born at Saginaw, Mich., in 1873, and started with the Equitable of New York in Denver in 1890. Later he opened his own adjustment business in Chicago and came to Cleveland in 1901. Since that time he had been active in the marine insurance field, in which he gained considerable prominence.

Provident Assurance Changes

MONTREAL, Dec. 23.—A. Raymond has been elected chairman of the board of the Provident Assurance; A. J. Major, formerly vice-president, has been promoted to president; L. Gendron has been elected a director.

New 6% Plan Is Stirring Debate

(CONTINUED FROM PAGE 3)

agents to take full advantage of it and to use it as a sales stimulator. Other companies are rather doubtful about the desirability of the plan and are not saying much about it. A good many executives feel that the matter of premium financing has been over emphasized and that there is really comparatively little need for it and not much interest in it. A good many of the company people think of premium financing as an emergency measure for assured that are in distress. In view of the fact that times are much better today, these executives say that the 6 percent plan amounts to locking the stable door after the horse has been stolen. In other words, the plan should have been made available during the worst of the depression when the collection problem was acute.

The First Bancredit, on the other hand, is undertaking to create the impression that premium financing is good business in good times and bad for the assured and they are urging agents to get just as many assured as possible to put their premiums on a monthly budget basis.

Term Rate Feature

Another feature of the plan that is attracting a good deal of attention is the provision whereunder it is possible for an assured to get a single year's insurance for pro rata of the term rate, without paying any financing charge that year. The First Bancredit offers a plan whereunder an assured may purchase a three year term policy by paying out of his own pocket within 20 days after the effective date of the policy, one-third of the three year term rate. There is no financing charge added to that payment. At the end of the first year, the assured may decline to make any further payment and he will have had one year's insurance for one-third of the term rate. Under the plan, at the end of the first year, he is supposed to make another payment equivalent to one-third of the term rate, plus a financing charge of 6 percent on an amount equivalent to two-thirds of the term premium. Then at the end of the second year, he is supposed to pay an amount equivalent to one-third of the term premium, plus a financing charge of 6 percent on one-third of the term premium.

In one brief that has been prepared against the plan, a comparison is drawn between an assured with a premium of \$1,000 financed by the First Bancredit and another who paid the same premium in cash.

What Happens in Default

The one whose premium is financed undertakes to repay the loan in ten equal installments. After having paid three installments aggregating \$300, he desires to discontinue his insurance and defaults in the payment of the next installment

due to First Bancredit. The latter notifies the insurer of the default, which notification prompts the company immediately to effect cancellation of the policy and return to First Bancredit Corporation the return premium on a pro rata basis. The policy having been in force three months, the insurer, in accordance with this agreement, charges \$250 earned premium and returns to First Bancredit Corporation \$750 unearned premium, which is \$50 more than is then due First Bancredit.

The assured who paid cash and cancels at the end of three months must be charged \$400 earned premium for the same amount of insurance for the same period.

This brief contends that pro rata cancellation for the benefit of First Bancredit in accordance with the company's agreement will tend to upset the entire rate structure on which insurance underwriting is based and of which the rule and standard policy provisions with respect to short rate and pro rata premiums form a part and will serve further to complicate the conduct of the business.

Temporary Short Term

The same brief contends that it makes it now possible for an assured to purchase temporary short term insurance for a pro rata premium by simply having his policy written for one year, financing the premiums with First Bancredit and defaulting in payment of an installment when the insurance is no longer required.

It will make possible and revive and promote the now obsolete practice of twisting, according to this brief, when it becomes generally known that a policy on which the premium has been financed will be cancelled pro rata simply by a default in the payment of an installment due and thereby take from the agents and companies a valuable protection against loss of business and expirations in mid-term, the protection of the short rate cancellation rule.

The same brief contends it will complicate and make difficult the collection by companies of return commission on pro rata return premiums paid to First Bancredit. This brief contends that if an assured defaults in payment of installment due to First Bancredit and the insurer cancels the policy pro rata and pays to First Bancredit the full pro rata unearned premium, the agent would be justified in refusing to pay return commission on more than the short rate unearned premium. He would be justified, according to this brief, in taking the position that the premium had been paid to the company in full and that there was no ground for pro rata cancellation.

What Charges Should Include

"Insurance premiums," the brief concludes, "are required to be adequate, reasonable and non-discriminatory. It is logical, we think, that the same rule should apply to charges made for premium financing service. Adequate charges for such service must necessarily include interest, carrying charge on unpaid portions of the amount invested, together with actual handling cost, which consists of postage, clerk hire and other overhead and administrative expense. When any concern through advantages and benefits accruing from favored treatment, such as this pro rata cancellation agreement, is enabled to furnish this service for less than cost, it is likely to force out of business other reliable concerns, furnishing similar service, and thereby create a monopoly in the business which, when accomplished, might conceivably result in a subsequent unreasonable increase in its financing charges."

Insurance Post 404 of the American Legion in San Francisco held a special Christmas luncheon Dec. 22.

Motive Suggested for the Ruinous Course Followed

(CONTINUED FROM PAGE 4)

unincorporated companies was taken at that time to be in effect a judicial ruling that the members are liable as partners, that is, without limit on their liability. They are liable for all they possess.

FLORIDA TAKES ACTION

TALLAHASSEE, FLA., Dec. 23.—Commissioner Knott has revoked the authority of the Manufacturing Lumbermen's Underwriters to do business in Florida.

SITUATION IN OREGON

SALEM, ORE., Dec. 23.—Approximately 200 policyholders in Oregon will be affected by the outcome of the voluntary bankruptcy proceedings filed by the Manufacturing Lumbermen's Underwriters, Commissioner Earle of Oregon advises.

Chicago Brokers License of \$25 Voted by City Council

(CONTINUED FROM PAGE 5)

and difficult for many brokers to raise. It is assumed the city will use the insurance department's list of licensed brokers, which does not distinguish between full time brokers and others.

Life agents are much concerned. It is necessary, if they need to place surplus business with companies other than their own, to secure a broker's license. This, apparently, would make them subject to the proposed ordinance. C. B. Stumes, chairman legislative committee Chicago Association of Life Underwriters, is examining the possibilities, and R. M. Redmond, president of the Insurance Brokers Association, has directed the legislative committee of that organization to watch developments.

See Functions of Agency

It is possible the city, if the ordinance is passed, may have won only a Pyrrhic victory. There are many court decisions clearly setting forth the broker's functions of agency in accepting policies for delivery and collecting the premium from assured. Other decisions hold the company bound, and prohibited from canceling a policy, if the broker has received the premium from assured, even though not remitting to the company. The brokers may challenge the city to prove they are brokers, a very difficult task, it is said. Even in decisions which have attempted to define an insurance broker, it is said by Gail Reed, legislative committee chairman of the brokers, the functions of agency for the company are conceded by courts.

Fear Other Cities May Act

About 95 percent of the brokers licensed in Illinois reside and operate in Chicago, Mr. Reed estimates. There are some 4,000 brokers licenses issued for Illinois producers outside of Chicago, the very large proportion of these being agents placing also with companies other than those they represent. If Chicago succeeds in licensing and taxing brokers, including agents licensed also as brokers, other cities and towns may adopt similar ordinances, thus in all, Mr. Reed estimates, taxing at least 6,000 agents who are exempt from occupational tax under the cities and villages act.

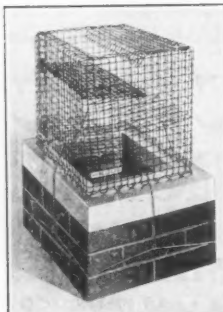
The state agents' license fee is \$1 for a domestic company and \$2 for a foreign company; the brokers fee, \$10 for Cook county and \$5 downstate.

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The NATIONAL UNDERWRITER

December 24, 1936

CASUALTY AND SURETY SECTION

Page Twenty-five

Bonding of Home Building Increases

Architects Are Found to Be More Receptive to Surety Solicitation

LENDERS ARE INTERESTED

Some Life Companies are Causing Lien Bonds to be Written—Opportunity Is Seen

With the great increase in construction of residences that is taking place today, alert surety producers see an opportunity to put across a program that has been agitated for a good many years but which has never successfully been carried forward. That is, education of the home owner, architect, and lender to require residence building to be bonded.

The late W. G. Wilson of Cleveland, the great general agent for the Aetna Casualty, was one of the foremost advocates of such an undertaking and the National Association of Casualty & Surety Agents considered the project seriously at one time.

Contact the Architect

Some producers, during this latest revival of the residence building industry, have had success in causing the owner to have the contractor give a contract bond. The missionary work is done through the architect. In the past, architects have not been responsive to the idea of requiring such bonds. Prior to 1929, most architects were dealing with contractors whom they had known over a period of years and in whom they had confidence. Accordingly, they saw little reason for requiring such a bond and opposed the idea of adding to the expense of the owner.

Architects today are not so certain about their contractors. They have seen many contractors fail and a new crop of contractors has appeared on the scene who are not well known to the architect. Accordingly, the architect has been more ready to listen to the surety producer, who suggests that the bonding company can offer valuable service by investigating a contractor and eliminating all fear on that score. Most of the contract bonds that have been placed covering the construction of private residences, have been for those involving an outlay of \$30,000, \$40,000 and up.

Getting Lien Bonds

Another opportunity for bonding exists in connection with home construction. A few of the life insurance companies that are loaning money for residence construction are requiring the contractor to give a lien bond. This instrument guarantees that at no time will there be a lien against the property. Unlike a full completion bond, it does

(CONTINUED ON PAGE 29)

Bar Associations' Action on Adjusters Causing Concern

COMPANY ACTION EXPECTED

Success of Lawyers' Efforts Would Hamper Claim Work—Variance of State Laws Is Handicap

NEW YORK, Dec. 23.—A matter of growing concern to casualty company officials the past year, and one which demands the adoption of some definite policy, is the effort of bar associations to hamper the activities of company claim adjusters. The lawyers contend that adjusters, and particularly those in the independent field, in dealing with claimants, are acting as lawyers, as they frequently voice their opinion as to the liability or the non-liability of carriers under the insurance contract. This is alleged to be true especially in workmen's compensation cases.

Agitation Started in Georgia

About a year ago the Fulton County (Ga.) Bar Association started action to limit the activities of casualty company adjusters in that section. Later a similar movement was inaugurated in St. Louis, since which time action has been either initiated or proposed in different parts of the country. The movement seems to have gained considerable headway recently. Quite recently suit to restrain the activities of a company adjuster was entered in Luzerne county, Pa., the points at issue being of decided interest to casualty men generally.

If the work of adjusters is to be restricted to the narrow limits proposed by members of the bar, it may affect hearings before state compensation commissions, and the right of commission members to pass judgment in cases under review might be questioned. Under the Ohio law laymen are permitted to argue before referees but, unless licensed as attorneys, are not allowed to plead cases in court. The laws vary widely in different states as to the extent to which lay adjusters may advise in matters of liability. That fact makes it difficult for company executives to define clearly the functions of their claim men.

NEW ACTION IN ALABAMA

BIRMINGHAM, ALA., Dec. 23.—Attorney-General Carmichael of Alabama at the instance of the Montgomery Bar Association has announced his intention of instituting action to stop the "unlawful" practice of law by insurance adjusters in the state. This follows his action of 10 days ago in ruling that the adjustment of insurance claims constituted the practice of law. He said he would carry the case to the supreme court for a ruling.

Legal action to prevent J. L. Wilkey of Birmingham, well known independent adjuster, from settling claims has already been taken and is now in the supreme court on a point of procedure.

LAWYERS ACT ON ADJUSTERS

MILWAUKEE, Dec. 23.—Suits to restrain three local claim adjusters from practicing law have been started by Attorney-General Finnegan. The action alleges that M. E. Podell, Hyman Mos-

(CONTINUED ON PAGE 29)

Long Haul Trucking Line Is Still in a State of Flux

MANY COMPANIES ARE AT SEA

Time Is Postponed for the Approval of the Forms and Policies by I. C. C.

NEW YORK, Dec. 23.—The conference casualty companies that expected to get into the long haul trucking insurance business following the promulgation of rules and regulations by the Interstate Commerce Commission are still at sea because from an insurance standpoint, the I. C. C. regulations have not served to make conditions more stable. The I. C. C. was to pass on forms for policies by Dec. 15. The time has been extended to Feb. 15. So far a number of companies have filed policies and forms but the I. C. C. has taken no action. Some of the conference companies that were dipping into the long haul truck field are reducing their activities and practically getting out of that particular class. The long haul truck business will therefore be confined very largely to non-conference companies that have been pioneering and trying to chart a course. They deserve great credit for what they have accomplished.

Much Service Is Required

The engineering, inspection and claim service is extensive. The companies realize that they cannot write the business with any degree of satisfaction and safety until they have a well ordered and equipped service. A number of companies have been experimenting along this line. The conference com-

(CONTINUED ON PAGE 29)

Joseph Futz Alarmed Over Duke of Windsor

EIGHTY-FOUR, PA., Dec. 23.—Joseph Futz, the wide awake insurance man, expressed himself vehemently at a local gathering of business men in Emanuel Lutheran Church over the report that the Duke of Windsor, who was former king of England, might head a new life insurance company. According to the report, President W. R. Malone of the Postal Union Life of Los Angeles announced that he intended to form a gigantic insurance enterprise and have the Duke as its head. Joseph is inclined to believe that the former king was responsible for having the moving picture "Lloyds of London" brought to this country. He appealed to Hon. Hunt, Pennsylvania commissioner, to see to it that this film was suppressed. Hon. Hunt immediately got busy, which Joseph claims was the real cause of Edward abdicating the throne. He calls attention to the fact that now being out of a position and undoubtedly backed by the monarchs of Russia and China, an effort will be made to get a foothold here in America, which Mr. Futz declares would ultimately throw all insurance to Oriental companies. He has again dispatched a special delivery letter to Hon. Hunt, urging him to take immediate action to keep the Duke out of this country.

To Cut Auto P. L. Rate in N. Y. City

Reduction of \$5 Is Announced by Pink in Radio Address

IN RECOGNITION OF TREND

No Change Was Found in First Filing, But Companies Finally Agreed to the Decrease

NEW YORK, Dec. 23.—A rate reduction of \$5 in the present \$95 bodily injury liability rates for New York City was announced by Superintendent Pink of New York in his radio address this evening.

"While this reduction may not seem large, it represents a very substantial saving for the automobile owners of this city," he observed. "The new rates for bodily injury and property damage represent a saving of at least \$6 a car. This means a saving of approximately half a million dollars to policyholders in the city of New York."

No Reduction at First

"When the proposed rates for next year were originally filed with insurance department by the rating organization for the companies, no reduction was shown in bodily injury rates for New York City," said Mr. Pink, in explaining the background of the rate reduction. "A reduction of \$1, from \$19 to \$18, was proposed for property damage. J. J. Magrath, the efficient and experienced rating expert for the department, has studied the proposed rates and all of the underlying facts, circumstances and statistics. We have held numerous conferences with representatives of the companies. While the underlying experience would perhaps justify the companies in maintaining this year's rate for next year, in our opinion, some weight must be given to the trend which, fortunately, is downward. We were finally able to agree with the companies on a rate for filing of \$90 for bodily injury instead of \$95."

Claim Cleanup Is Factor

"We felt justified in giving greater recognition to the latest improved experience in New York City than is customary, largely because of the efficient work the mayor, in cooperation with District Attorney Dodge and Assistant District Attorney Botein, is doing in prosecuting ambulance chasers and fake claim racketeers. We also took into consideration the campaign which the mayor, the borough presidents and the police department as well as civic organizations are making to promote safety and reduce accidents. Since the district attorney commenced his intensive work on July 1, 1936, numerous indictments have been secured against lawyers, doctors, runners and others who are engaged in these fraudulent

(CONTINUED ON PAGE 33)

Three States Take Action on Retrospective Rating Plan

MARYLAND FAVORS PROGRAM

Michigan and Colorado Disapprove Compensation Change—Several Objections to Move Are Cited

LANSING, MICH., Dec. 23.—Commissioner Ketcham of Michigan has rejected the retrospective compensation rating plans. He has written W. F. Roeber, general manager of the National Council on Compensation Insurance, to that effect. The commissioner some time ago authorized an intensive study of workmen's compensation rates when retrospective rating was first proposed. He did not cite a specific reason for rejecting the plan except that there is a wide disparity of opinion regarding its merits among interested parties. He indicated it would be unwise to adopt the system until its advantages have been proved. The organized agents of Michigan have been strongly opposed to retrospective rating, having adopted resolutions on several occasions criticising the proposal.

Commissioner Ketcham is scheduled to retire shortly after Jan. 1.

REJECTED IN COLORADO

DENVER, Dec. 23.—The Colorado industrial commission has turned down the application recently made by the Mountain States Compensation Rating Bureau for retrospective rating. The commission's refusal was based on the following contentions: that not enough risks could qualify to make such a rating plan worthwhile; that, since employers would be very anxious to maintain a high experience rating, the plan would work a hardship on employees; that the plan would be more beneficial to stock companies than to the state fund, and that six or seven extra industrial commission employees would be required to handle the extra work involved.

FAVORED BY AGENTS

JEFFERSON CITY, MO., Dec. 23.—The workmen's compensation committee of the Missouri Association of Insurance Agents, of which George Oppenheimer, Oppenheimer Brothers, Kansas City, is chairman, went on record as favoring the retrospective compensation rating plan at a meeting here. A strong plea for the adoption of the retrospective compensation rating plan was presented by E. W. Fritschle, vice-president of the Laclede insurance agency, St. Louis. Retrospective rating will attract self-insurers who do not care to incur any obligations of assessment under the participating companies' form of policy and who believe that the overhead of stock companies is too high, he said. It will also appeal to risks who believe they are better than the established rate indicates, and on which the old experience rating method is not responsive enough for immediate results. Risks who think they are overcharged on the normal rate will have an opportunity to prove their good quality and get a proper reward, said Mr. Fritschle.

Give Companies a Break

The plan will also be favored by risks whose experience has been uniformly adverse and on which coverage is denied. Under the retrospective plan companies can afford to take a chance knowing that the debit provision will come to their rescue if the experience goes sour. The plan is both flexible and responsive, said Mr. Fritschle and acceptance is not compulsory.

The retrospective rating plan will give the stock companies a more equitable break in competing for the larger risks.

(CONTINUED ON PAGE 33)

Many Participate in "Idea" Contest of the Maryland

Opening with an "idea" contest in which employees and agents throughout the United States participated, the Maryland Casualty is already making plans for the celebration of its 40th anniversary with the program to culminate in May, 1938. Throughout 1937 special production will be urged as part of the anniversary.

Harlan L. Miller, assistant manager accident and health department, San Francisco, won the first prize of \$200 for his "idea." The winning suggestions in the contest will be announced later and the best features of each may be combined.

Second prize of \$100 went to G. M. Rigor, agent at Haddon Heights, N. J., and third prize, \$50, went to H. G. Greene, field supervisor at the home office. Other prizes of \$10 were awarded to the following:

Smaller Prizes Awarded

G. A. Bandiere, auditing division, home office; J. B. Clark, Washington, D. C.; Charles E. Farmer, Charles B. Farmer & Son agency, Oakland City, Ind.; Margaret W. Harry, Christiana, Pa., agent; Helen P. Hinrichs of the Twin Cities office clerical force; E. F. Kraemer, assistant claim manager, home office; Edmond Madden, surety department manager at Chicago; M. S. Moore, Detroit resident manager; Manuel San Juan, San Juan, Puerto Rico; K. O. Saunders, Cleveland resident manager; C. W. Schley, vice-president Henderson & Schley, Inc., Memphis, Tenn.; J. W. Stamper of Du Bose, Rutledge & Miller, Fort Worth, Tex.; G. T. Watts, manager Graves-Harper Company, Rome, Ga., and Raymond Weaver, Lawton, Mich.

A \$10 prize was also awarded to the widow of Robert L. Keck, field supervisor who died after submitting his entry.

J. M. Mathes, president J. M. Mathes, Inc., New York advertising agency, who is chairman of the contest committee, praised the Maryland employees for the wealth of ideas they presented. Several hundred entries were submitted.

Regional Committee Soon to Meet on Illinois Situation

The regional committee of the National Council on Compensation Insurance will meet in New York Dec. 29 to consider means of securing the necessary company signatures to the "O. D." rejected risks plan recently formulated in Illinois. Some companies signed unreservedly, but others signed with reservations. Meanwhile it is reported proprietors of monument, foundry and quarry risks, the especially hazardous classifications from the standpoint of "O. D.," are having to carry their own risks for occupational disease and are facing a number of such claims recently filed.

The basis on which the regional committee and industrial commission approved the plan was that all companies must subscribe to it. The plan could not be effective until then.

The plan allows appeal of an assured if he is not satisfied with the arrangement for "O. D." coverage afforded by assignment to companies by the administration committee of the rejected risks pool, first to the administrative committee, then to the National Council, and finally to the regional committee. Companies are to be assigned risks in proportion to their workmen's compensation premiums in Illinois. The plan does not include any provision for physical examination of workers, but it is understood that a company may call for examination in extreme cases.

A. D. Barney, vice-president Hartford Electric Light Company, and J. R. Cook, president Arrow, Hart & Hegeman Electric Co., have been elected directors of Hartford Steam Boiler.

Bay State Auto Rate Case Arguments Are Concluded

TEST POWERS OF DE CELLES

Companies Contend Commissioner's Reduction Order for Automobile Liability Makes Their Situation Worse

BOSTON, Dec. 23.—The casualty companies' first legal test of the powers of Commissioner De Celles in connection with the making of rates for compulsory automobile liability insurance came to a close with final arguments of counsel for the companies and the commissioner, closing the hearing of evidence before a master, which has consumed some three weeks.

In general, petitioners attempted to show the commissioner had departed from the previous custom of utilizing two-year rate level as a factor to be applied to the five-year experience to bring the latter nearer to date and indicate trend of losses. The commissioner on the other hand attempted to show his own method of computation was preferable. The application of the commissioner's method had resulted in decreasing rates some 8 per cent and cutting some \$2,000,000 from premium income of the companies, which they contended was not "fair" since they had allegedly lost money under the higher rates.

Notice Causes Conflict

The companies anticipating there might result some change in the rates because of the court proceedings, recently agreed to send out simultaneously with their policies for 1937, a slip, reading as follows:

"The rates at which this policy is issued are subject to change if authorized as a result of pending litigation, in accordance with the provisions of the compulsory law:

"Chapter 175, Section 113 B, of the General Laws of Massachusetts, provides that: 'Classifications of risks and premium charges when finally fixed and established for said ensuing calendar year shall become effective as of Jan. 1 of said year; and all premium charges affected by any change thereby made which have been paid or incurred prior to the time when such charges are finally fixed and established shall be adjusted in accordance with such change, as of said Jan. 1.'"

Orders Notice Discontinuance

Notwithstanding one company mailed a batch of policies containing the notices before the other companies were ready and the notice came to the attention of Commissioner DeCelles, who ordered the company to discontinue sending and further that every notice already sent be sought out and returned, all other companies were told by the commissioner not to mail such notices to their policyholders.

While the general company opinion held that it was beyond the authority of the commissioner to forbid sending out of such a notice, the decision was reached to avoid any unnecessary opposition by abandoning the plan.

New Order Issued

Excitement over the preceding dispute had hardly died down when the companies received a second mandate from the commissioner, in the form of a "request," that all companies writing the compulsory coverage, notify the commissioner immediately of every risk declined by each company individually.

In addition, the notice explained further that every complainant who came to the commissioner's office in the future, with the protest he had been refused compulsory liability coverage, would be furnished a blank form to be taken back to the company refusing the risk, and that such company must fill out the blank, which provided among

(CONTINUED ON PAGE 33)

Maryland Casualty Plans to Simplify Capital Structure

WILL BE VOTED ON JAN. 26

Changes Would Give Company \$1,750,000 Class A Preferred Stock and \$779,343 Common Stock

BALTIMORE, Dec. 23.—Stockholders of the Maryland Casualty, at their annual meeting Jan. 26 will consider certain charter amendments, the effect of which will be to simplify the capital structure of the company. In explanation of the proposed changes, President Stillman Evans said:

"The proposed amendments provide for the reclassification of the 1,000,000 shares of first convertible preferred stock, Series A, and the 1,000,000 shares of first convertible preferred stock, Series B, into 175,000 shares of a new single Class A preferred stock. The Class A preferred stock will be entitled to a cumulative annual dividend preference of \$3.50 per share and to asset preferences of \$100 per share. It will be convertible into common stock on the basis of 50 shares of new common stock for each share of Class A preferred stock.

"The amendments would further permit the company to call the outstanding 20,126 shares of junior convertible preferred Series A stock and the outstanding or subscribed 139,804 shares of junior convertible preferred B stock at \$3 per share, plus accrued dividends, with the consent of the holders of two-third of the senior stocks.

Eliminate Unissued Series

"It would also eliminate from the company's charter the authorized but heretofore unissued first convertible preferred stock, Series A, and junior convertible preferred stock, Series A, B and C.

"Adoption of the amendments by stockholders and the calling for retirement of the junior convertible preferred stocks pursuant to such amendments would create a capital structure consisting solely of 175,000 shares of \$10 par Class A preferred stock and the common stock.

"After giving effect to the above changes, the capital of the company would appear as follows: Class A preferred stock, \$1,750,000; common stock, \$799,343; total, \$2,549,343.

Claim Racketeer Sentenced

NEW YORK, Dec. 23.—Sentencing of Dr. Max Belgrade, dentist of Brooklyn, to six months in the workhouse means elimination of the last of the gang of fake accident claimants that had been operating in this city for some time. Its activities were brought to an end by skillful work on the part of the accident fraud bureau of the district attorney's office.

American Surety Christmas Party

NEW YORK, Dec. 23.—The American Surety and New York Casualty held their annual Christmas party at the office of the parent company this evening, with approximately 700 officers and employees in attendance.

New Virginia Liability Rates

RICHMOND, VA., Dec. 23.—A boost in automobile liability rates on private cars in Virginia as high as 13 percent for Richmond and a 10 percent slash for Norfolk, the only area which got a reduction, has been ordered by the state corporation commission, effective Feb. 1. An increase in liability rates on commercial cars ranging from 3 to 28 percent also becomes effective the same date. Property damage rates on both class of vehicles remain unchanged.

Unrealized Group Opportunity Open

Few Appreciate Social Security Scantness and Need of Supplement

W. J. GRAHAM IS SPEAKER

Equitable of N. Y. Vice-President, at Board of Trade Meeting, Describes Developments

NEW YORK, Dec. 23.—The field for private group contracts supplementing the government's social security retirement system is broader than is generally appreciated, Vice-president W. J. Graham of the Equitable Life of New York intimated in his address before the annual meeting of the New York Board of Trade. While many people know that the maximum obtainable under the government plan is \$85 a month few realize that the average under the act at the peak of its performance in 1930 is estimated to be about \$46 per month and that within the next 25 years the average would be only a little more than \$30 per month, he pointed out.

At the same time the social security act, or more specifically the part having to do with contributory old age benefits has already rendered yeoman service in converting all to the advisability of industrial pensions, Mr. Graham continued. It has served to foster interest in small annuities and has overnight established the principle that money contributed for pension purposes should be vested for the employees. Mr. Graham expressed the opinion that government old age benefits of some form are here to stay, irrespective of the constitutionality of the present social security act.

Contrast with Free Grants

The small average size of the return to those contributing under the federal act suggest the conflict between these benefits and those which may be received under old age assistance grants without any contribution, Mr. Graham said.

"To illustrate," he said, "a worker who in 1937 is 35 years old receiving a continuing \$100 a month wage begins contributing \$1 per month for three years. . . . increasing until the rate of \$3 per month is reached. At the end of 30 years, in 1967 he will receive monthly checks of \$42.50 paid for by his contributions matched by an equal sum from the employer, which latter contribution, it must be assumed will indirectly be passed on as a cost which will reach the employee in some form.

Pressure for Broadened Benefits

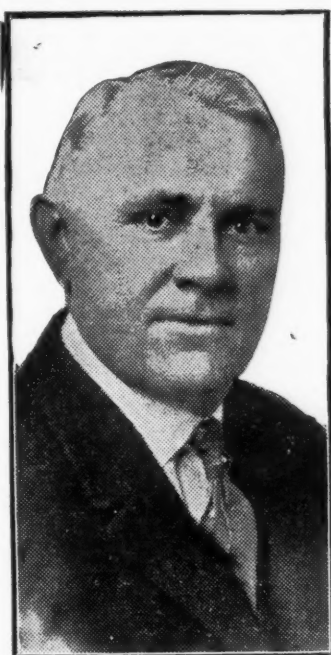
"As against this we have the workers who do not contribute under the act by reason of being in some location not covered under the act or by reason of being without a job, but who could obtain under the old age assistance part of the act \$30 per month. In the event such a worker had a wife equally needy, she could obtain the same sum and the situation would be created whereby \$60 a month would go to them without contribution under the old age assistance part of the act as against \$42.50 which would go to the contributor."

The greatest danger in social insurance is the constant endeavor to broaden the benefits and rights or to eliminate the contributions, said Mr. Graham.

"Already in this country we have accredited statements from outstanding figures in labor organizations to the effect that the old age assistance or free

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Elected New President of Bituminous Casualty



H. H. CLEAVELAND

H. H. Cleaveland has been elected president of the Bituminous Casualty of Rock Island, Ill., to fill the vacancy created by the recent death of H. W. Cozad. Mr. Cleaveland heretofore has been chairman. In addition to his connection with the Bituminous Casualty, Mr. Cleaveland is a prominent agency operator in Rock Island, being head of the Cleaveland agency. He and Mr. Cozad have been closely associated in the affairs of the Bituminous Casualty ever since this company was organized as a reciprocal for handling coal mine business in 1917.

The vacancy on the board will not be filled until the regular meeting of the directors March 16.

Mr. Cleaveland has been for some time divesting himself of close responsibilities. His health has not been the best and he has been in Florida much of the time.

Two Stock Companies Now Write Illinois Liquor Line

The Continental Casualty of Chicago and Car & General have now started writing liquor liability under the Illinois dram shop act.

The coverage being granted on Illinois risks is virtually the same as that given by London Lloyds, which has been active in the liquor liability field in Illinois for several years. Both the Continental Casualty and Car & General are using the rates and forms used by Lloyds.

Continental Casualty investigated the desirability of writing this business when the act was first passed, but decided to wait until better evidence of the probabilities had been obtained. Continental Casualty is paying 10 percent commission.

The Car & General started to write the cover just after the dramshop act was passed, but withdrew from the business very shortly. It now proposes to use the same forms and rates that London Lloyds has been using. It will pay 15 percent commission. Among the important agents of Car & General handling this coverage is R. W. Hosmer & Co.

The Anchor Casualty of St. Paul has been licensed in Michigan to write health and accident and workmen's compensation.

Difficult to Cut Expense in Writing Auto Liability

NEWARK, Dec. 23.—The importance of the agency system and the obstacles involved in reducing the cost of automobile liability insurance were stressed by William T. Ashby, Globe Indemnity resident vice-president in Newark, at the quarterly dinner-meeting of the Middlesex County Underwriters Association in New Brunswick, N. J.

Cut-rate stock companies and mutuals combined wrote \$216,751 less automobile liability premiums in New Jersey in 1934 than they wrote in 1933, and in 1935 they wrote \$109,474 less than they did in 1934, a decrease of \$326,225 in two years. During those same two years, automobile liability premiums written in New Jersey by Bureau companies increased \$417,683.

Commission Is Justified

In discussing automobile liability rates, Mr. Ashby said that the greatest expense is for agents' commissions. However, in addition to selling, said Mr. Ashby, "an agent does many things for his company at his own cost which otherwise the company would have to do for itself and the cost of which would have to be included in the rate charged for insurance.

"The agent writes and delivers the policies to the insured, charges and collects the premium, credits the premium to the insured, assumes the credit losses and assists the insured in solving his insurance problems in the best and most economical manner. The remainder of the agent's commission, which he has left for his own use after paying the cost of performing all those services, is small and is much less than another man in a profession of equal importance would charge for his services.

Best and Most Economical

"The American agency system offers the best and the most economical means of selling insurance and of performing those services which insurance agents perform for their companies and for their insureds.

"Companies that do not employ agents and assume the expense of providing the service given by an insurance agent cannot save much toward justifying either a lower rate or a dividend. Carriers who do employ agents cannot, in fairness to their agents, reduce the commission paid to them.

"Claims are the second greatest expense. Too much economy in claims expense would result in larger payments, which would cause an unfavorable loss experience and make higher rates necessary. A reduction in claims expense would be false economy. No carrier can save much on claims expense toward justifying dividends or lower rates.

"The third greatest expense is general administration expense which includes rent, officers, underwriters and clerical salaries, printing and distributing of policies and other stationery and new office equipment and maintenance of old equipment. Most of this item of expense is for clerical salaries. The fourth greatest expense is other production expense. That is composed of the salaries and expenses of special agents and of branch office employees and the other branch office expenses. The amount of that expense is so small that no saving toward justifying lower rates or dividends is possible.

Can't Hold Down Losses

"During one year only, 1933, was the total of losses of all the companies within the 55 percent of the premiums for automobile public liability insurance that is allowed for losses. That year it was 54.5 percent. Not one of the companies was able to keep its losses within that proportion of its premiums for each of the six years. Two companies were able to

do it for five years, eight for four years, eight for three years, 11 for two years and nine for one year only. Not one of the others, which was more than one-third of the total number of companies, could for a single year keep its losses within the proper proportion of the premiums it wrote.

"The loss costs of those companies which write so large a proportion of all the automobile public liability business that their results have high evidential value, make it appear to be improbable that any carrier can by selection of automobiles for insurance obtain a loss cost so low that it will justify any worthwhile dividend or reduction in rates.

Speed Not Major Cause

"It is not my purpose to condone automobile accidents. They are to be deplored. It is rather to ascertain whether under existing conditions any insurance carrier can select for insurance automobiles that are less likely to be in accidents than others and thereby justify lower rates and dividends.

"There are speed maniacs and reckless drivers and they should be taken off the road, but the number of them is so small compared with the total number of drivers so that the number of accidents they have does not materially affect the total number of accidents.

"According to the reports in New Jersey, about 22 percent only of all automobiles that were in accidents during the last five years were at the time of the accident exceeding the speed limit. Not many men have ever driven an automobile far without exceeding the legal speed limit. It is probable that the speed of the automobile did not actually cause a very large proportion of that relatively small percentage of all accidents that occurred while the automobile was exceeding the legal rate of speed. Reckless driving accounted for 6 percent only of all automobile accidents in the last six years, according to the state reports. It is probable that speed and reckless driving combined did not actually account for more than 10 percent to 15 percent of the total number of automobile accidents during the last five years.

Avoid Speeders

"All automobile insurance underwriters try to, and do to a large degree, avoid insuring known speeders and reckless drivers as well as certain others who can be identified and who are believed also to be undesirable risks. The insurance of those undesirables can be avoided with greater certainty by stock company agents who know whom they are insuring, than is possible when business is solicited by mail or through the advertising, or through salaried salesmen who are strangers to most of their prospects and who are under pressure to sell all they can."

Auto Rate Cut in Wyoming

DENVER, Dec. 23.—Automobile rates in Wyoming for private, passenger and commercial cars were reduced approximately 20 percent, it was reported by reliable sources.

The reduction comes as a result of continued efforts by the Mountain States Casualty & Surety Association, which contended that bad experience in Wyoming was due to the operations of "ambulance chasers" around Casper and that the rest of the state should not be penalized for this strictly local condition. The association sought a differential between Casper and the rest of the state but Casper is not excepted in the reduction, it is reported.

The Foley-Carter Insurance Company, St. Petersburg, Fla., has incorporated with C. R. Carter, J. G. Foley and W. F. Davenport as directors.



H. W. Cozad

November 17, 1885—December 6, 1936

With the deepest regret, we announce the death of our President, H. W. Cozad, on December 6, 1936.

This company has lost an outstanding leader; his associates and employees have lost a beloved and understanding friend and counsellor.

The officers and employees pledge themselves, to the best of their capacities, to a continuance of the fair, honest and human policies and practices which have been formulated and pursued, and which have been responsible for the growth and progress of the Company, under his leadership and guidance.

H. H. Cleaveland, who has been associated with Mr. Cozad in the management of the Company since its founding, has been elected to succeed to the office of President.



BITUMINOUS CASUALTY CORPORATION

Cleveland Bldg., Rock Island, Ill.

NEWS OF CASUALTY COMPANIES

National Surety's New Board

List of Directors Announced at First Meeting After Acquisition by C. I. T.

NEW YORK, Dec. 23.—New membership of the National Surety's board of directors was announced by President Vincent Cullen at the first meeting of the board since the purchase of all the stock by the Commercial Investment Trust.

Besides Mr. Cullen, the membership includes Henry Ittleson, chairman of the board; Dudley Cates, chairman executive committee and chairman investment committee; E. M. Allen, executive vice-president; Edgar S. Bloom, president Western Electric Co.; Lindsay Bradford, president City Bank-Farmers Trust Co.; Edward H. Clark, president Cerro De Pasco Copper Corporation; Francis B. Davis, Jr., chairman United States Rubber Co.; A. O. Dietz, vice-president Commercial Investment Trust; Richard E. Dwight of Hughes Schurman & Dwight, attorneys; James V. Forrestal, Dillon Read & Co.; William S. Gray, president Central Hanover Bank & Trust Co.; P. W. Haberman, vice-president and general counsel Commercial Investment Trust; John M. Hancock, Lehman Bros.; Henry Ittleson, Jr., vice-president Commercial Investment Trust; George De Forest Lord of Lord, Day & Lord, attorneys; Alfred E. Smith, president Empire State, Inc.; Edwin C. Cogel, chairman executive committee Commercial Investment Trust.

Those who have not previously been on the National Surety board are: Henry Ittleson, Henry Ittleson, Jr., Dudley Cates, E. M. Allen, Lindsay Bradford, A. O. Dietz, R. E. Dwight, J. B. Forrestal, W. S. Gray, P. W. Haberman, J. M. Hancock, G. deF. Lord, E. C. Vogel, and Francis B. Davis, Jr.

Those who remain on the board are: Vincent Cullen, E. F. Bloom, E. H. Clark and Alfred E. Smith.

Those formerly on the board who are not on the new board are: S. R. Bertson, F. Hugh Brown, Hartwell Cabell, Alex Foster, Jr., Charles Hayden, A. P. Lathrop, J. C. McCall, James S. McCulloh and Samuel McRoberts.

Name Commonwealth Mutual Receivers; Ask State Probe

BOSTON, Dec. 23.—Judge Lummus of the state supreme court has named three receivers for the Commonwealth Mutual Liability of Boston, on petition for receiver filed at the request of Commissioner DeCelles. The petition said the company was hopelessly insolvent.

Temporary receivers are: Assistant Attorney-General H. P. Fielding of Boston, W. C. Giles of Springfield and C. F. Lovejoy of Swampscott. The company was authorized to do business less than a year ago and premiums totaled almost \$900,000, most of which consists of automobile liability.

Assistant Attorney-General J. J. Ronan alleged in the hearing the company has only about \$3,000 left to take care of some 1,200 outstanding claims. It is considered likely the receivership will become permanent Dec. 26, thus allowing current policies to expire Dec. 31.

An order calling for an investigation into the operations and organization of the "Commonwealth Mutual Insurance Company," presumably the Commonwealth Mutual Liability, was filed late this week with the clerk of the Massachusetts house by Representative Barnet of New Bedford.

The bill proposes an investigation of the methods of doing business by the company, both as regards underwriting and bookkeeping, and also a probe of the facts surrounding the issuance of the

certificate of incorporation and its authorization to do business by the commissioner of insurance. It also provides for an examination as to what extent the company's methods and practices affected the rates for compulsory automobile liability insurance.

Commissioner DeCelles maintains that under the present law he has little discretion in the matter of granting licenses, it being merely an administrative function. The law sets up certain conditions for a company and if these are complied with, the commissioner must grant the license, he maintains. The commissioner said it is his intention to file a department bill with the legislature at the coming session, asking it that he be given the right to refuse a license to a company if he is convinced it does not intend to operate in good faith.

Examination Report Made on the Franklin Mutual

The Franklin Mutual of Chicago, which writes quite a volume of long haul truck, bus and taxicab business, had total assets on June 30, 1936, of \$170,912 and net surplus of \$40,701, according to a report of an examination made by the Illinois and Kentucky departments.

The examiners, in their summary, state that Franklin Mutual meets the Illinois statutory requirements in respect to surplus. In July of this year there was a contribution to surplus of \$10,000 as guaranty capital. This increased the surplus to over \$50,000. Current cash position is favorable. Officers' salaries amounted to about 7.4 percent of total income and the examiners criticized that item as excessive. Deductible agreements with assured, the examiners state, should be made a part of the policy contract, particularly where evidence of insurance has to be filed with the secretary of state or some other governing body.

C. C. Dawes Is President

C. C. Dawes is president, C. F. Lauer, vice-president, Kurt Hitke, treasurer, and DeWitt Cleland, secretary.

The Franklin Mutual is licensed in Illinois, Indiana, Kentucky and Michigan and has applied for admission to Iowa, Missouri and Wisconsin.

On pleasure cars, the rates are about 20 percent below manual whereas the rates for taxicabs, buses and trucks are based largely upon experience.

In February of this year London Lloyds issued to Franklin Mutual a policy furnishing 100 percent reinsurance against premium assessments under the contingent liability clause. Lloyds agreed to pay such assessments, not to exceed in the aggregate \$100,000 of all premiums in force. At the date of the examination, although the policy is actually in effect, it is inoperative because, according to the contract, certificate of evidence of reinsurance must be issued to the policyholder before the policyholder comes within the provisions of the agreement. No such certificates had as yet been issued.

Franklin Mutual has an agency contract with Kurt Hitke & Co., providing for the exclusive acquiring of all business on public passenger carrying vehicles and as a general agent in acquiring all other types of business.

During the first six months of this year net premiums were \$183,746 and losses paid \$73,002. Total income was \$226,318 and total disbursements \$179,667.

Loss reserves amounted to \$59,619, premium reserve \$35,802.

For the entire year of 1935 premium income was \$169,549 and losses paid \$55,946.

Since organization in 1930 to June 30, 1936, the net amount of donated surplus has been \$104,022, divided guaranty capital \$22,500 and surplus advances \$81,522.

The net underwriting and investment loss for the period was \$34,610.

The examiners state that underwriting experience has been unfavorable, due principally to the inadequate premiums on the type of business written. The premiums on commercial cars now represent approximately 50 percent of the total premium income. Prior to the acquisition of the business of the Capital Mutual Casualty of Springfield, Ill., that percentage was considerably higher. Therefore, the company should have a more favorable experience in the future.

American Automobile's 25th Anniversary Is Celebrated

ST. LOUIS, Dec. 23.—The American Automobile celebrated the 25th anniversary of the launching of the company with a luncheon meeting of its directors, held on the same date and day of the week as the first meeting of the board.

I. H. Orr and A. L. Shapleigh, the only surviving members of the original board, were the guests of honor. They were presented with silver plaques commemorating their 25 years of service by President L. A. Harris. The plaques were engraved with the minutes of the first meeting, including the signatures of all of the first directors, and a tribute to their long service to the company signed by all of the present directors.

In commenting on current business conditions, President Harris said that the preliminary figures for 1936 indicate a substantial improvement in underwriting results compared with 1935. Business has increased, while the ratio of claims to premium income has gone down. He added that the company is looking forward to 1937 with the utmost confidence.

Report on Freeport Company

Total assets of the Western States Mutual Automobile of Freeport, Ill., as of April 30, 1936, were \$78,901 and net surplus \$18,423, an examination by the Illinois department reveals. The company has been in operation since 1932. W. J. Trevillian is president and L. A. Trunk is secretary. There is a management contract with the Northwest Company of Freeport. Mr. Trevillian is president of that concern and Mr. Trunk secretary. It operates only in Illinois. Manual rates are charged for fire and theft coverage, slightly less than conference is charged for collision and P. L. and P. D. rates are cut 20 percent below manual.

During the first four months of this year premium income was \$34,605, total income \$34,743, losses paid \$8,426 and

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ADDRESS D-99 NATIONAL UNDERWRITER.

total disbursements \$26,954. During 1935 net premiums amounted to \$80,516 and losses paid \$18,150. As of April 30, 1936, claim reserve was \$7,890 and premium reserve \$44,193.

The Northwest Company made surplus advances to the insurer of \$50,000, F. H. Gibler advanced \$5,000 and Mr. Trevillian, \$6,000.

Error Is Corrected

Owing to confusion between the Central Mutual of Chicago and its successor, the Central Mutual of Illinois, an error was made in THE NATIONAL UNDERWRITER of Dec. 10 in stating that the Central Mutual of Illinois had been ordered to discontinue writing insurance. The order applied to the Central Mutual of Chicago, the old company.

NEW COMPANY IN MICHIGAN

LANSING, MICH., Dec. 23.—Commissioner J. C. Ketcham, acting upon request from Superintendent Palmer of Illinois, has licensed the new Central Mutual of Illinois. It is to continue the business of the old Central Mutual of Chicago which got in difficulties with its extensive long haul truck and taxicab business. The old carriers had some 5,000 insured in Michigan, chiefly truckers and the Michigan commissioner takes the attitude that if this business can be preserved for the new carrier it will be a big factor in assuring a successful rehabilitation procedure under direction of the Illinois department.

Nurses' Company Reorganized

As successor to the Nurses Mutual Protective Corporation, which is a not-for-profit concern, the Professional Insurance Corporation of Jacksonville, Fla., is being organized. It is to have capital of \$25,000. O. E. Waller is president; W. C. Conley, vice-president; F. W. Krueger, medical director; Thelma Manfield, secretary; Doris L. Waller, vice-president and treasurer, and Dean Boggs, general counsel.

New Ohio Mutual's Setup

The United Mutual Casualty of Columbus, O., recently licensed by the Ohio department, has established headquarters at 3167 North High street in that city. C. R. Ludwig of Findlay is president; C. G. Thurston, Custar, and Everett W. Humphrey, Beverly, vice-presidents, and Harry L. Fox, secretary-treasurer. It writes liability, property damage, collision, fire, theft, tornado and automobile insurance.

Promotion Is Abandoned

Those who were attempting to organize a new company to write long haul truck business, to be known as the Bankers & Brokers Indemnity of Chicago, have dropped the promotion.

I. L. McCord, who has offices in both Chicago and New York, was doing most of the promoting work. B. K. Elgin, local agent of Indianapolis, was one of those interested.

Aetna's School Graduates 40

The Aetna Casualty's home office sales course for agents ended with a banquet at which 40 men from 20 states received diplomas, more than half of whom were from states located west of the Ohio river. Geo. J. Chamberlain, Hartford, and J. U. Piper, Flint, Mich., tied for first honors. Others who received "blue ribbons" included G. E. Williams, Los Angeles; J. L. Warne, Seattle; E. T. Wells, Scranton, Pa.; D. L. Rogers, Wallace, Ida.; T. M. Mowry, Cleveland, O.; N. D. Kempner, New York City; T. G. Ashton, Jr., Boise, Ida.; J. E. O'Rourke, Philadelphia; E. C. Conner, Jr., Dallas; G. X. Smith, Des Moines, and J. G. MacDonald, Hartford. Field Supervisor A. E. Redding, instructor in charge of the course, was toastmaster. Vice-President W. L. Mooney, Secretary C. G. Hallowell and Instructor F. W. Potter gave talks.

Bonding of Home Building Increases

(CONTINUED FROM PAGE 25)

not guarantee that the building will be completed, but it does guarantee that there will be no lien.

The advantage to the insurance company lender is that it has the advantage of a bonding company's investigation of the contractor and of the owner and of the general plan and set up. Then such a bond eliminates the danger that the owner, while the building is in progress, will cause the contractor to perform some extra work, which would interrupt the financing plan and might result in the owner being unable to carry out his part of the bargain and cause a lien to be attached to the property, which would be an obligation prior to the insurance company's mortgage. That is the hazard that the insurance companies should be particularly anxious to avoid. Because of this hazard, the bonding companies require the borrower to have resources available equal to 110 percent of the contract price and to have these funds placed in escrow.

Premium Is 1 Percent

The premium charged for the lien bond is 1 percent whereas the charge for a completion bond is 1½ percent.

Practically all of the life insurance companies have been solicited to require such lien bonds but only a few are doing so. Life insurance companies are bidding against each other for good loans these days. They are reducing the interest rates, making various concessions to brokers and are waiving requirements which theoretically should be insisted on and which during the depression the companies vowed they would insist upon if they ever got into the mortgage loaning business again.

If the important lending agencies of the country could be induced to require lien or completion bonds, there would be a great stimulus to surety production. It would probably have the same effect on the sale of contract bonds that the requirement of mortgage lending institutions that borrowers carry windstorm insurance has had on the sale of windstorm insurance. Not only would the business be available that is placed under compulsion of the lender, but the owner and architect who are not under compulsion, would be likely to view the idea of a contract bond very favorably.

Bar Association's Action on Adjusters Causing Concern

(CONTINUED FROM PAGE 25)


kol and A. M. Rice have unlawfully usurped the privilege of practicing law and the court is asked to order them to cease and desist from such alleged illegal practices. The action was instigated by the junior association of the Milwaukee bar executive committee, headed by John F. Savage. Mr. Savage is preparing evidence in several other cases.

Long Haul Trucking Line Is Still in a State of Flux

(CONTINUED FROM PAGE 25)

panies that got into the trucking field cut agents' commissions to 15 percent because of the higher and greater outlay required for inspection, engineering and claims.

When companies get actively in the business, it is thought that cooperative service can be established. Now it is more or less of a dream. Of course it can be said that the long haul truck business is still in a state of flux and while some companies evidently have gotten to a point where they can see daylight, the opportunities for business development in this direction are exceedingly attractive.

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CHANGES IN CASUALTY FIELD

E. P. Knight Is Advanced by the Employers Group

BOSTON, Dec. 23.—Clifford J. Stoddard, superintendent of the Employers group engineering department, is being promoted to the newly created position of consulting engineer. Elliot P. Knight, in the engineering department the past 13 years, and assistant superintendent seven years, will become superintendent. Mr. Knight graduated from Massachusetts Institute of Technology in 1922 and as field engineer has visited every Employers' office in the country. He holds membership in many mechanical and chemical engineering societies.

Glenn F. Claypool Resigns

Glenn F. Claypool, who has resigned as executive vice-president and a director of the Continental Assurance, is also a vice-president and director of Continental Casualty. He has presented his resignation to the Continental Casualty as well and this will be acted upon at the next meeting of the board.

Ross Moyer, who has been actuary of the Business Men's Assurance for the past three years and before that was an assistant actuary of the Missouri State Life, has joined the Continental Assurance as vice-president and actuary, taking the place left vacant by the death of R. M. Brown.

Joins Maryland Casualty

Arthur W. Neumann has joined the Chicago office of the Maryland Casualty, as underwriter in the casualty department. He comes from St. Louis, where for 11 years he was connected with the United States Fidelity & Guar-

anty. He had charge of casualty work there.

W. S. Barton Vice-President

W. S. Barton, who was formerly assistant secretary of the Globe Indemnity, has been elected vice-president in charge of liability lines.

New Portland Claims Head

W. H. Freeman, adjuster for the Hardware Mutual Casualty in Los Angeles, has been made claims manager in the Portland office. He has been with the company in the southern office for six years.

Resigns to Practice Law

John F. McGowan has resigned as claim adjuster in the Bridgeport, Conn., office of the Aetna Life to enter private law practice. A law graduate of Georgetown, he has been with Aetna since 1929, specializing in negligence cases.

Named Aero Underwriters Inspector

Charles W. Gatschet of Des Moines has been appointed state inspector and engineer in Iowa for the Aero Insurance Underwriters. He is pilot for the Des Moines "Register & Tribune."

Runner With United Pacific

J. L. Runner, well-known coast casualty man, has joined the United Pacific of Seattle. He has recently been with the Hansen & Rowland general agency of Tacoma.

C. W. L. Steen, Jr., who has been with the Maryland Casualty claims department at Houston, Tex., has been transferred to the San Antonio office.

FIDELITY AND SURETY NEWS

Bank Receiverships Report

Comptroller of the Currency O'Connor Says Total of Liquidations Since Bank Holiday Is 530

NEW YORK, Dec. 23.—According to J. F. T. O'Connor, comptroller of the currency, 16 bank receiverships were liquidated last month, bringing the total closed or restored to solvency since the 1933 bank holiday to 530. He used the term "liquidated" in a different sense than usually understood, for when the comptroller takes over a bank whose deposits are insured by the Federal Deposit Insurance Corporation, funds totaling the entire amount of its guaranteed accounts are contributed, so that no loss thereunder will be suffered by depositors, except, of course, by those having deposits in excess of the \$5,000 guaranty, which, it is estimated, will not average more than 3 percent of the total.

FDIC Allows Latitude

Liquidation then proceeds taking a long time, in some extreme cases having extended to 20 years. In handling distressed banks the FDIC management has pursued a sane policy, it is generally recognized. Many note endorsers have had a large part of their resources swept away, leaving them unable to meet their liabilities. Such as were in position settled in part, and were allowed additional time within which to meet the balance.

Under a provision of the national banking act, stockholders desiring to be freed of the additional stock assessment—usually 100 percent of their holdings, though some states have a 200 percent requirement—may do so providing their bank makes application to that effect six months prior to July 1, 1937.

While relatively little depository bond business has been written by surety

companies within the past five years, occasional bonds are issued guaranteeing public funds in the states, the laws of which have not been changed to conform to general regulations. In all such cases surety companies consider the character and extent of general business from the agency controlling the line, and the standing and wealth of leading figures in a bank.

Salvages from defunct financial institutions upon which surety companies paid depository bond claims through the acute depression period, are still coming in as securities are disposed of by receivers when market conditions are favorable.

Northern California Cost Conference Is Reorganized

SAN FRANCISCO, Dec. 23.—Reorganization of the Northern California Fidelity & Surety Acquisition Cost Conference was accomplished by adoption of amendments to the constitution. Officers are abolished and those who have been serving in that capacity have been added to the executive committee, which becomes the governing committee hereafter. Rollo E. Fay, who has been serving as arbitrator, becomes chairman.

The rearrangement is in exact accord with the Casualty Acquisition Cost Conference, which Mr. Fay also serves as chairman.

The National Conference is appointing a standing committee consisting of five northern California surety executives, which will serve as the official connecting link between the San Francisco group and the parent organization.

Officers who surrender their "positions" are F. J. Butcher, president; W. G. Kelso, vice-president, and D. E. Gorton, secretary-treasurer. They join A. W. Hillback, R. D. Weldon, A. C. Po-

sey and Edwin C. Porter as members of the new governing committee.

It is understood that the Southern Fidelity & Surety Acquisition Cost Conference is revamping its constitution and rules along the same lines.

The change makes the two cost conferences exactly uniform in organization and management.

To Use Private Sureties

The rural electrification administration in Washington has now agreed to have the construction work financed by advances from the REA to be bonded by private surety companies at a rate of 1 percent. When the Towner Rating Bureau promulgated a rate of 1½ percent for these bonds, the idea of dispensing with private suretyship was discussed and a federal bonding fund substituted.

Credit for this accomplishment is given largely to W. H. Stewart of Chicago, chairman of the surety committee of the National Association of Insurance Agents and president of the Illinois Association of Insurance Agents. He made two trips to Washington and has been corresponding frequently with REA officials in the matter.

Mr. Stewart studied the matter and concluded that the work to be financed by the REA was less hazardous than that which calls for a rate of 1½ percent. He finally convinced the Towner Bureau that he was right and the lower rate was promulgated.

To Reinsure Across Board

The management of the Firemen's group has decided this year to use the same principle in making up the statements of the two casualty companies in the group—Commercial Casualty and Metropolitan Casualty—that it has been using for a good many years in reporting the figures of its fire companies. This consists of reinsuring the business across the board between each unit. The business is pooled and redistributed on

WORKMEN'S COMPENSATION

Need Wyoming Fund Change

Seek Adoption of Actuarial Rather Than Flat Rate Basis — Surplus Is Dwindling

CASPER, WYO., Dec. 23.—A two-day conference of employers and representatives of labor called by State Treasurer Kirk Baldwin to discuss compensation insurance problems passed a resolution petitioning the governor to appoint a special committee to draft a bill for presentation at the January session of the state legislature which would place the rate structure on an actuarial basis instead of the present flat-rate basis.

Mr. Baldwin, who administers the compensation fund, and P. J. Coady, manager of the workmen's compensation fund, said that due to losses having consistently exceeded premium income for a long period, some change in the setup would be necessary. O. F. McShane, member of the Utah industrial commission, and H. D. Bangert, private actuary from Ohio, explained the rating procedure in states under the jurisdiction of the National Council and made suggestions for solving the Wyoming problem.

It was brought out that the Wyoming fund's surplus has dwindled to only about one-third of the peak and that unless a new law is enacted it will be necessary to ask the legislature to appropriate considerable money to keep the fund in a solvent condition.

Under the present Wyoming fund law employers pay a minimum of 1½ per-

centage basis so that each company is allotted arbitrary net premiums and net losses.

cent of their payrolls. When an employer has paid \$3,000 into the fund, he then only has to pay a service charge of from \$2 to \$15 per month. If an employer's losses on the 1½ percent basis exceed premium income, he may be assessed up to 4 percent of his payroll until the deficit has been overcome. But even the 4 percent assessments proved entirely inadequate. Only the extra-hazardous industries such as mining and manufacturing which are divided into 108 classifications, are covered by the present Wyoming fund. The proposal to the coming legislature will recommend that more industries be covered and that rates in each instance be based on the hazards involved in the individual line.

Hearing on Ferry Disaster

NEW YORK, Dec. 23.—A hearing is being held here today on compensation claims arising out of the explosion of the ferry "Observation" in 1932, by E. F. Andrews, state industrial commissioner. A decision of the United States Supreme Court upholding the New York state court of appeals in confirming a reward of the compensation referee in a decision on disability claims arising out of the disaster caused resumption of hearings.

Mining Rates Go Up

DENVER, Dec. 23.—Under a decision of the Colorado industrial commission, compensation rates in the coal mining industry will jump 50 percent Jan. 4, due to the application of the state's new wage history law initiated in November which provides that compensation be based on the actual weekly wage at the time of injury rather than on a 12 month average as in the past. Rates in the

metal mining industry will be increased 15 percent at the same time. What increase will be required in other industries has not yet been decided. The seasonable nature of the coal mining industry will mean that nearly every case is a maximum case so a high rate increase is necessary here. The new wage basis law will become effective not later than Jan. 15.

Casualty Actuarial Group Committees Are Announced

NEW YORK, Dec. 23.—Standing committees of the Casualty Actuarial Society are announced by President L. S. Senior. They are: Admissions—T. F. Tarbell, Travelers, chairman; G. F. Michelbacher, Great American Indemnity; W. F. Roeder, National Council on Compensation Insurance; W. J. Constable, Lumbermen's Mutual Casualty; H. O. Van Tuyl, London Guarantee. Examinations—R. M. Marshall, National Council on Compensation Insurance, general chairman. Papers—S. D. Pinney, Travelers, chairman. Educational—C. A. Kulp, University of Pennsylvania, chairman. Auditing—W. P. Comstock, London Guarantee, chairman. Editorial—C. W. Hobbs, National Council on Compensation Insurance, chairman. Program—R. H. Blanchard, chairman.

George H. Moloney on Sick List

George H. Moloney of Chicago, vice-president of the Hartford Accident, is confined to his home with a rather severe case of influenza. He will be unable to appear on the program next Monday at the annual meeting of the American Association of University Teachers of Insurance. He was scheduled to give a discussion on the question of liability at law and insurance against it.

Casualty, Fidelity and Surety Reinsurance

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Financial Statement, October 31, 1936

<i>Assets</i>	
Cash in Banks and Offices.....	\$ 1,288,792.75
Investments:	
Bonds.....	\$6,287,038.25
Preferred Stocks.....	86,700.00
Common Stocks.....	4,468,446.59
North Star Insurance Company Stock.....	2,843,920.18
Mortgage Loans.....	191,833.33
Real Estate.....	308,000.00
Total.....	14,185,938.35
Premiums in Course of Collection (not over 90 days due).....	668,827.03
Accrued Interest.....	72,780.77
Other Admitted Assets.....	165,176.76
Total Admitted Assets.....	\$16,381,515.66
<i>Liabilities</i>	
Reserve for Claims and Claim Expenses.....	\$ 5,396,429.83
Reserve for Unearned Premiums.....	2,216,181.43
Reserve for Commissions, Taxes, and Other Liabilities.....	799,863.95
Voluntary Reserve.....	1,000,000.00
Capital Stock.....	\$1,000,000.00
Surplus.....	5,969,040.45
Surplus to Policyholders.....	6,969,040.45
Total.....	\$16,381,515.66

Bonds and stocks owned are valued in accordance with the requirements of the New York State Insurance Department, viz:—Bonds on an amortized basis, North Star stock on the basis prescribed by the New York Insurance Law, other stocks at October 31, 1936 market quotations. If bonds owned by General Reinsurance Corporation and North Star Insurance Company were valued on the basis of October 31, 1936 market quotations, Total Admitted Assets would be increased to \$16,692,426.68 and Surplus to \$6,279,951.47. • Securities carried at \$861,205.88 in the above statement are deposited as required by law.

CASUALTY ASSOCIATION NEWS

Meyer New Jersey President

Glens Falls Man Heads Association for Coming Year—Plan Dinner for Gough

NEWARK, Dec. 23.—Howard D. Meyer, manager of the Glens Falls office here, was elected president of the Casualty Underwriters Association of New Jersey at its annual meeting. Other officers elected were: Vice-president, Herbert N. Hutchinson; secretary, J. C. Eastmead; treasurer, George McKelvey, (reelected). The executive committee is now composed of William Haynes, New Amsterdam Casualty; William J. Morcom, Aetna Casualty, and Joseph Conerford, Maryland Casualty.

Edward C. Graff, retiring president, urged the members of the association to join with the New Jersey Association of Underwriters to combat any attempt that might be made to pass a compulsory automobile measure in the New Jersey legislature next year. He thanked the members for their hearty support and spoke of the death of Byron Con-

lin, one of the founders of the association.

It was decided to tender a testimonial dinner to C. A. Gough, first deputy insurance commissioner of New Jersey, in honor of his 25th anniversary in that capacity. He has been with the New Jersey department more than 42 years. A committee headed by Walter Schryver was appointed by President Meyer to make arrangements for the event, which will be attended by a large number of insurance executives, state officials and general agents.

President Meyer also appointed a legislative committee composed of Edward C. Graff, Herbert N. Hutchinson and Wallace Moorehead. The association plans an active 1937 season. It has been growing rapidly and now has 42 members.

Casualty-Surety Institute in Kansas City, Mo., Elects

KANSAS CITY, Dec. 23.—The Kansas City Casualty & Surety Institute, formed this fall to sponsor instruction

for younger casualty and surety men and women in Kansas City, has elected Walter W. Denison of T. H. Mastin & Co. president; Fred McFarland, R. B. Jones & Sons, vice-president; Erskin Good, Central Surety, treasurer; Miss Frances Kypke, Massachusetts Bonding, secretary; Miss Jean Redlingshafer, Massachusetts Bonding, and Miss Marian Kypke, Liberty Mutual, assistant secretaries. Directors are G. Alan McDougall, Central Surety; B. L. Stephens, Bruce Dodson & Co.; Charles Ross, Western Casualty & Surety, and B. Y. Davis, T. H. Mastin & Co.

The organization has 78 enrolled. Several instruction periods, one each week, are being devoted to compensation, other collateral lines, other liability and property damage, etc. The classes end April 27, when plans will be made for the 1937-38 year.

Jenks Elected in New York

M. L. Jenks, American Surety, was elected president of the Casualty & Surety Club of New York at its annual dinner meeting. Other officers are: Vice-presidents, John Grady, General Accident, and E. B. Southworth, Jr., Aetna Casualty; secretary-treasurer, H. D. Schmedes, American Surety. Executive committeemen are: H. P. Hall, Century Indemnity; H. A. Kearney, Hartford Accident; J. G. Gossett, Travelers; W. H. Estwick, United States Fidelity & Guaranty, and W. J. Falvey, Massachusetts Bonding.

Cleveland Plans Definite Program

CLEVELAND, Dec. 23.—The Cleveland Association of Casualty Underwriters is planning a comprehensive study of important problems of the business. Either an authority on the particular subject to be taken up at each meeting within the membership or an outside authority will be drafted to speak before the group. This will take the place of random discussions, although open forums will continue to be held.

Chicago Adjusters' Christmas Party

About 250 turned out for the Christmas dinner and party of the Casualty Adjusters Association of Chicago. Among the special guests were P. J. Angsten, chairman of the Illinois industrial commission, and some of the arbitrators of the commission.

Des Moines Club's Christmas Party

The Casualty & Surety Club of Des Moines held its Christmas party Saturday.

Calls National Association Executive Committee Meet

A meeting of the executive committee of the National Accident & Health Association will be held in Chicago Jan. 21 on call of President H. A. Cunningham of Cleveland. Members of the Milwaukee convention committee are also expected to be in attendance and a definite decision will be reached as to the exact date and other arrangements for the annual convention of the National association, which is to be held in Milwaukee in June.

The executive committee will also take up the plans for an educational course to be sponsored by the National association, on which Executive Secretary E. H. Ferguson has been working for some time, and will review the developments in the activities of the National association since the annual meeting in Chicago last June.

Quits Long Haul Truck Line

The Continental Casualty, which for several months has been quite a factor in the long haul truck field, has ceased all activity in that line effective Dec. 1. It is writing no new business. Some of the business on the books is being permitted to run to expiration, some has been canceled and some reinsured.

Ernest Sturm, Chairman of America Fore Group, Dies

(CONTINUED FROM PAGE 5)

would sometimes motor as many as 200 miles to visit them.

His long period of almost 45 years of service with the companies gave him a particular interest in the "old guard," which is composed of employees with 25 and more years of service, and he always met with them at their gatherings. At Christmas time it was Mr. Sturm's custom to send greetings to all his agents and employees, usually with cards decorated with photographs which he had taken on his foreign travels. On Christmas Eve he customarily entertained the chief executives of the company at a dinner on the top floor of the companies' home office building, and usually exhibited colored motion pictures which he had taken on his previous summer's trip abroad, accompanying the exhibition with an entertaining lecture. The companies of the America Fore group include the Continental, Fidelity-Phenix, Niagara, American Eagle, First American, Maryland, and Fidelity & Casualty. The funeral will be held at the Ocean Avenue Congregational Church, corner of Ocean avenue and Avenue I, Brooklyn, Saturday, Dec. 26, at 2 p. m. From Manhattan the church may be reached by Brighton express, B. M. T. subway to Newkirk avenue, and from there by local train to Avenue H, which is the next station beyond Newkirk avenue.

Mr. Sturm is survived by his widow, Mrs. Louise Elsie Foster Sturm, whom he married in 1908; a daughter, Miss Ruth Foster Sturm, a graduate of Vassar College and Columbia University and now a practicing attorney, and a son, Ernest Sturm, a member of the freshman class at Wesleyan University.

Death of Nebraska State Treasurer Causes Problem

LINCOLN, NEB., Dec. 23.—The sudden death from heart disease of George E. Hall, state treasurer, has forced the closing of the state treasury until H. J. Murray, his deputy, named by the governor to succeed him, can secure the necessary million dollar bond. Mr. Hall was just completing his fourth term. He was 66 years of age, and had a long experience as a banker. Governor Cochran, in naming Murray, passed over the claims of Walter Jensen, state treasurer-elect, because he had not yet secured a bond for his regular term, which begins Jan. 8. An effort was made to have the 14 bonding companies on the Hall bond transfer that bond to Murray, but when this was found impossible, C. A. Abrahamson of Omaha, representing the Hartford Accident, the first company on the Hall bond, undertook to line up the other companies on a short term bond for Murray. The treasury has 8 millions in cash and government bonds on hand and is custodian for 14 million dollars of bonds owned by the state school trust. Mr. Jensen reported that considerable progress had been made in securing his bond, but if he is unable to do so the office becomes vacant and a new appointee who can give a bond must be named by the governor. Jensen defeated Murray for the Democratic nomination and won at the election over former Treasurer Bass.

Other companies on the Hall bond are National Surety, United States Fidelity & Guaranty, Fidelity & Casualty, Standard Accident, New Amsterdam, Globe, American Surety, Eagle Indemnity, Fidelity & Deposit, Great American Indemnity, Maryland Casualty, Columbia Casualty and Central Surety.

N. J. Fidelity Dividend Deferred

Upon protest by a group of stockholders of the New Jersey Fidelity & Plate Glass of Newark, payment of dividends to creditors of the company has been deferred. Hearing on the matter will be held Jan. 11.

THESE FEATURES MEAN Bigger Volume FOR YOU

The insurance buying public recognizes the tangible advantages offered by the American Motorists. The growth of the company during recent years testifies to this fact.

Secure protection—nationwide facilities—a reputation for handling claims promptly and fairly—plus the economy of AMICO coverage . . . are reasons why sales resistance is lower and renewals higher for American Motorists agents.

May we tell you more about what the American Motorists franchise in your territory may mean to you—no obligation.

AMERICAN MOTORISTS INSURANCE COMPANY

James S. Kemper, President

Home Office . . . Chicago, U. S. A.

THE ONLY ILLINOIS COMPANY HOLDING A CERTIFICATE OF
AUTHORITY AS AN ACCEPTABLE SURETY ON FEDERAL BONDS

To Cut Auto P. L. Rate in N. Y. City

(CONTINUED FROM PAGE 25)

practices, there has been an appreciable drop in the number of claims made against insurance companies and in the number of cases brought for personal injuries and property damage. In the supreme court and the city courts the number of actions started has decreased approximately 15 percent. Fortunately arrangements have been made to continue this work till April 1.

Need Continuous Campaign

"But that is not enough. In order to be effective and result in a substantial reduction in rates this work will have to be carried on continuously and vigorously year after year. Temporary campaigns of this nature are of little permanent value. If the city authorities are determined to stamp out racketeering against insurance companies and do continue the efforts now going on as a permanent program, there will be a steadily decreasing automobile insurance rate."

Commenting on Mayor La Guardia's demands for reduced liability rates which are based on the city's recent low auto death rate as compared with other large cities, Mr. Pink devoted a considerable part of his talk to a non-technical description of rate making, showing why rates are not fixed by the companies but by the public itself, and that rates depend not only on auto death and injury rates but upon the cost of fighting and settling claims on insured cars, which is greatly augmented by claim-consciousness and accident racketeering. It is a significant fact, he said, that in one of the courts, at least, during the very months which the mayor cited as showing greatly reduced death rates, there was an increase of about 30 percent in personal injury actions, largely brought against insured persons. The filed rates are not necessarily final, Mr. Pink noted, saying that there will be a public hearing at the state office building Dec. 30.

"The superintendent of insurance is as anxious as the mayor or any other city official to reduce rates but I have the responsibility of seeing that rates are adequate as well as reasonable," Mr. Pink declared. "I must be fair both to the public and to the companies. Inadequate rates would be as harmful to the public as to the companies themselves. I intend to do my duty without fear or favor. I cannot respond to mere public clamor which is not backed by experience and facts. The public can get cheaper rates only by earning them."

The state-wide revision has resulted in some increases and many reductions. The reduction in property damage rates had been general throughout the state. In Saratoga Springs it was necessary to increase the bodily injury rates from \$52 to \$63. In Rensselaer county and Watertown bodily injury rates have been reduced from \$35 to \$29. In Staten Island they have been reduced from \$51 to \$48. In Westchester and suburban Queens they remain the same. The state-wide revision will result in an annual saving to policyholders of one and a third million dollars.

Three States Take Action on Retrospective Rating Plan

(CONTINUED FROM PAGE 26)

They won't be penalized for the expense of handling the small risk, said Mr. Fritschle.

In Missouri at present stock companies are at a serious competitive disadvantage. They automatically incur the small risk burden of high overhead and high loss ratio with the inevitable need for high rates. The longer the situation is permitted to exist the more acute the problem is likely to become, said Mr. Fritschle.

"The purpose of uniformity of rates is to prevent discrimination as to policy-

holders and to protect the carriers against unfair competition, and yet the actual result is that it is doing the very things it was supposed to prohibit. What is needed is uniformity of risk distribution and uniformity of competitive advantages. The policyholder is entitled to this. A state that enforces uniformity of rate should also bestow uniformity of competitive conditions. The retrospective rating plan is the only medium whereby these various problems and their resulting disadvantages to stock insurance companies may be solved and remedied," said Mr. Fritschle.

Dire results were predicted by Mr. Fritschle if something effective is not done to hold down ever increasing compensation premium costs. He urged united action in solving the problem and to secure the insurance department's approval.

HANNA GIVES APPROVAL

BALTIMORE, Dec. 23.—Commissioner Hanna has approved the use of the retrospective rating plan for workmen's compensation in Maryland.

The Republic Mutual of Columbus, O., will move soon from the Chamber of Commerce building to the Rowlands building. The company, organized about a year ago, writes automobile and hospital insurance.

Bay State Auto Rate Case Arguments Are Concluded

(CONTINUED FROM PAGE 26)

other things reason why the risk had been rejected.

In his communication to the companies, the commissioner explains: "I have inaugurated this unofficial procedure, which may save the assured considerable trouble and the companies considerable money."

Under the law there is a state board of appeals to which any car owner may resort for relief if refused insurance by any company. The commissioner holds to the opinion he may relieve the congestion of that board by adopting the new procedure.

Safety Problems in D. of C.

J. Dillard Hall, assistant agency director of the United States Fidelity & Guaranty, gave his safety talk before the Insurance Club of Washington, D. C. He presented a 10-year record of automobile accidents in the District of Columbia. In the decade there have been 74,118 accidents, 940 deaths, and there have been 9,509 suspensions. In 1935 there were 9,629 accidents, 113 deaths and 1,018 suspensions; in 1934,

7,555 accidents, 135 deaths and 883 suspensions.

There are peculiar problems in Washington, he pointed out. The layout of streets is peculiar, there is a large number of cars that have no garages and are parked on the street and there is a great number of government employees having cars which makes the parking problem extremely difficult. Mr. Hall contended it is particularly important to get the safety situation under control in the national capital, which has a great influence on the rest of the country.

File New Seattle Taxi Rates

SEATTLE, Dec. 23.—New public liability and property damage rates on Seattle taxicabs have been filed with Washington department by the General Casualty and the Northwest Casualty. The General's new rate for \$1,000-\$5,000 public liability is \$55, with a rate for \$1,000 property damage of \$90. The Northwest Casualty rates are \$57 and \$18 respectively.

The Quaker City Fire & Marine has been licensed in Ohio.

"What to Know About Automobile Insurance?" by Frederick W. Doremus will give you a sound foundation. \$1.50. Write The National Underwriter for complete list of practical books.

AS DEEPLY ROOTED

and

AS STURDY

as an OAK

established 1897

Continental
CASUALTY COMPANY
CHICAGO, ILLINOIS

Affiliated with

CONTINENTAL ASSURANCE COMPANY

HARTFORD WINS RETRIAL IN CCC CASE

(CONTINUED FROM PAGE 3)

court overruled the contention at the time and states that it is still of that opinion.

The loan agreement executed by the producer or owner and under which the CCC, the lender, took out insurance with the Hartford Fire contained this paragraph:

"6. The undersigned agrees that if any federal agency or instrumentality shall become the holder of the above-mentioned note, it may, before or after maturity, move the collateral cotton from one storage point to another and pay freight; may compress the commodity; may store separately, in block,

or otherwise; may insure or reinsure against any risks, or otherwise handle or deal with the commodity, as may be deemed appropriate and proper, subject to the terms of this loan agreement, releasing, substituting, and obtaining any and all instruments and documents, and paying or discharging any accrued or accruing charges or expenses as may in any way be appropriate or necessary therefor. Any costs and expenses connected with such handling without regard to insurance savings by reclassification or duration shall be a charge against the commodity, payable out of any proceeds thereof."

Authorized CCC to Act

"To our minds," the court stated, "this very clearly authorized the Commodity Credit Corporation to act in the premises. It is in effect a power of attorney coupled with an interest, the most complete agency with which one may be clothed. We, therefore, conclude that the Commodity Credit Corporation was authorized to act for the owner in every particular and that when it took out this policy under consideration with the Hartford it was acting both for itself and the owner under the loan contract."

"At the time of the trial, however, much of the record made was in the form of exhibits which were not read to the court and which in some respects were not discussed in the arguments. The court now has called to his attention in the motion for new trial the following provisions from the Hartford policy:

Wording of Contract

"This policy covers the claim of Commodity Credit Corporation (including principal, accrued interest and accumulated charges, as provided in the loan agreement) * * *

"It is understood and agreed that it is the intention of the assured to make loans only on cotton against which insured warehouse receipts are pledged as security to producers' notes on 1934-35 C.C.C. Cotton Form A * * * and that said warehouse receipts shall comply with all the provisions of any state law governing the issuance of insured warehouse receipts and with the obligation of the warehouseman under said law. * * *

"It is understood and agreed that it is the intent of this contract in the event of loss or damage by fire or lightning to cotton represented by insured warehouse receipts, to protect and indemnify the assured against failure of the warehousemen, through the said errors, omissions or violations * * *."

Not "Other Insurance"

"The warehouseman had issued a receipt with the declaration thereon that the cotton covered by the receipt was insured. An examination of the above paragraphs of the Hartford policy and its other provisions in the light of such paragraphs lead us to the conclusion that the insurance called for in the Hartford policy was not 'other insurance' within the meaning of the exception set forth in paragraph 7 of the St. Paul Fire & Marine policy. The Hartford policy uses the following language:

"It is understood and agreed that it is the intent of this contract in the event of loss or damage by fire or lightning to cotton represented by insured warehouse receipts, to protect and indemnify the assured against failure of the warehouseman * * *."

Errors and Omissions

"At the time that the Hartford policy was issued or attached it was very clearly contemplated that the warehouseman must have procured insurance as evidenced and certified to upon the warehouse receipt which constituted the security of the claim of the Commodity Credit Corporation. The Hartford policy was insuring the claim against errors and omissions on the part of the ware-

houseman in procuring the insurance which he represented he had procured. It was in a sense a second line of defense as in the case of an army. It has its first and second lines of protection. The first line was the policy of insurance procured by the warehouseman and his certificate that the cotton covered by his receipt was protected by insurance. The second line was that if that certificate was defective or false or the warehouseman through errors or omissions failed to carry this insurance and have it effective then the Commodity Credit Corporation was protected by this second line of defense which was the Hartford policy."

"Viewing the record in this light the two policies do not cover the same risk. One is in the nature of a fire policy and the other is in the nature of an indemnity contract. We are, therefore, constrained to grant a new trial in this case. And since a new trial must be granted as to the provisions in the Hartford policy, it is unnecessary for us to discuss the 35 bales covered by the Insurance Company of North America as both cases are coupled in this suit and in the same defense."

PERSONALS

Frank E. Sowers, who has just made a connection with the Zurich as assistant manager in San Francisco, has been located in Chicago about a year as assistant manager of the Travelers. He became an agent for the Travelers in Ames, Ia., after having attended Iowa State College there. He was then made field assistant in Minneapolis for the Travelers and later became assistant manager there.

R. L. Mannon, underwriter of the Fireman's Fund Indemnity and prominent in safety work, who has served as safety chairman of the California state junior chamber of commerce and San Francisco junior chamber of commerce, has been elected a director of the latter organization.

W. A. Moren, New York district manager of the Unity Life & Accident of Syracuse, was host at a dinner for company officers and members of his staff. Among honored guests was **E. R. Deming**, president.

James C. Wilson, San Antonio, Tex., special agent of the American Indemnity, who has been compelled to spend the past six months recuperating from the effects of a severe attack of pneumonia, will resume his field duties, Jan. 1.

President **J. A. Walker** of the Missouri Insurance Company, St. Louis, which will soon celebrate the 30th anniversary of its organization in 1907, has again taken a rate book to show what he can do as a personal producer. He

wrote the company's first application nearly 30 years ago. The company under his leadership has enjoyed a successful year in all its departments in 1936 and will close the year with substantial gains in new production, insurance in force, admitted assets and surplus.

Chicago Glass Loss Ratio for Year Is Reported 76%

Plate glass insurance loss ratio in Chicago this year of company members of the National Bureau of Casualty & Surety Underwriters will show a combined figure of about 76 percent, according to advices from New York. The unsatisfactory experience has been studied for some time, without, however, seriously considering a rate increase.

Improvement in malicious breaks in Chicago makes it unlikely that any drastic action will be necessary although another increase in replacement costs is anticipated in Chicago when the effects of the glaziers strike in the east are felt.

One company experienced 300 percent glass loss ratio in Chicago this year through an office placing a large volume of this business. Another company had 200 percent loss ratio on Chicago glass.

The steady reduction in malicious breaks is shown by report of Manager Peter Malah of the Chicago branch, National Bureau of Casualty & Surety Underwriters, who is operating the glass insurance information exchange set up in the bureau Oct. 1 when the Cook County Plate Glass Insurance Bureau was closed. In October, Mr. Malah reports, 158 malicious breaks were reported to the exchange, replacement cost being about \$8,500. There were 120 malicious breaks in November, replacement cost being about \$6,900, and in December, to and including Dec. 22, there were 33 malicious breaks, replacement cost not being reported as yet.

The Cook County (Ill.) Retail Council, a merchants organization which interested itself in the glass breakage situation, also reports a letup in number and severity of breaks.

It is reported in Chicago that all National Bureau companies writing glass insurance there now are offering the 50-50 contract, since the National Bureau relinquished control of glass rates and forms some time ago in order that members could meet 50-50 competition. This step seems to have been effective. With the contract available in all offices its importance competitively is much lessened.

New Bay State Carrier

The Canton Mutual Liability has been chartered in Massachusetts. This is one of several new companies that has been launched in that state recently.

The State Automobile Insurance Association of Indianapolis has moved to the Medical Arts building in Indianapolis.

Making Business a Pleasure

A booklet to help you
increase your sales
THE PREFERRED WAY

THE
PREFERRED
ACCIDENT INSURANCE
COMPANY of NEW YORK
80 Maiden Lane
New York, N. Y.

Sent FREE to Preferred
Type Agents

AMERICAN Re-Insurance Co.

Robert C. Ream, President

99 John Street New York

DECEMBER 31st, 1935

CAPITAL	\$1,000,000.00
Surplus	4,044,784.87
Voluntary Catastrophe Reserve	500,000.00
Reserve for Losses	3,527,772.91
All Other Liabilities	1,407,161.92
TOTAL ASSETS	10,479,699.40

NOTE: Securities carried at \$690,943.75 in the above statement are deposited as required by law.

CASUALTY RE-INSURANCE

ACCIDENT AND HEALTH

Cox Head of Managers' Group

**Named at Gathering of Mutual Benefit
H. & A. and United Benefit Life Agency
Heads — Adopt Radio Program**

At the annual meeting in Omaha of agency managers of the Mutual Benefit Health & Accident and United Benefit Life from all sections of the country, with 60 in attendance, W. E. Cox of Louisville was elected president for the coming year. Others named to official posts include T. F. Dougherty of Sioux Falls, South Dakota manager; Gus Heuertz of Memphis and E. S. Hall of Los Angeles.

As a result of the discussion of radio advertising, led by C. T. Redfield of Chicago, 47 of the managers present agreed to participate in a program providing for one broadcast a week for 13 weeks. The broadcast will center about the dramatization of different claim incidents, and will offer a booklet, "What to Do Till the Doctor Comes." Inquiries for the booklet will provide the agencies with a list of prospects. These broadcasts will carry through until shortly before National Accident & Health Insurance Week, and will hook up closely with a similar series which the general committee is arranging for use in connection with that week.

An interesting feature of the meeting was the display of advertising material used by the various managers. The discussion of agency management problems was carried out according to schedule. It was generally agreed that classified advertising as a means of getting new men is unsatisfactory and that personal contact is most important.

Reports at the meeting indicated that the United Benefit will close 1936 with \$110,000,000 of insurance in force. The reports also indicated a healthy growth of business of this company through its 10 years of existence, most of which was in the depths of the depression.

Premium income of \$8,700,000, or more than a \$1,000,000 increase over 1935, also was indicated for the Mutual Benefit in 1936.

All the managers reported increased earnings and income for 1936 and were given their 1937 quotas. The quota for United Benefit will be \$120,000,000 of insurance in force and of the Mutual Benefit \$10,000,000 in premium income.

Includes Certificates to Use in Paying Doctor or Hospital

The "flyer" travel accident policy of the Northwestern Life & Accident of Seattle is now being issued with a new supplement for payment of medical, surgical, hospital and x-ray expenses, which contains what is believed to be a unique provision through the inclusion of "emergency guarantee certificates" that the insured may pass along to his doctor, nurse or hospital in payment of emergency expenses. These certificates will be honored by the company up to \$90 for medical and surgical expenses; \$50 for hospital service, \$10 for x-ray service and \$150 for graduate nurse.

The policy itself has principal sum of \$5,000 for transportation accidents, \$1,250 for automobile and yachting accidents and \$1,000 for aircraft accidents, with \$100 per month for total loss of time for six months, and one-half partial for one month. The premium with emergency guarantee certificates is \$12.50 for men and women, ages 18-59, and \$15, ages 60-64.

Sutton Milwaukee Speaker

MILWAUKEE, Dec. 23.—Milton W. Sutton, special agent in the Chicago office of the London & Lancashire Indemnity, spoke at the December meeting of the Milwaukee Accident & Health Association. With a background of 40

years as an educator of agents, Mr. Sutton gave a comprehensive discussion of the sales technique in accident insurance. He stressed getting to the prospect without subterfuge and refraining from high pressure selling tactics. The sales presentation, in which he urged the use of paper and pencil to graphically portray points to the prospect, should lead up to getting the prospect to ask to buy. Side lines, Mr. Sutton said, are valuable as an entering wedge to develop business. John D. Rogers, Continental Casualty, secretary of the local association, reported a total of 70 members and prospects for 100 before the national convention here next year.

James & Co. Business Record

The life and accident department of Fred S. James & Co., Chicago, managed by Samuel Leland, Jr., has made great strides this year, for 11 months being 25 percent ahead of all last year on a paid basis in life insurance alone, and for accident having paid for 2½ times the 1935 total. This company is a general agency of the Travelers. In group life and accident business for 11 months it stands third place country-wide on a paid basis among all branches and general agencies. During the "supremacy" accident campaign just concluded the agency was third country-wide on a point basis and led all Chicago general agents on a point basis. Manager Leland has been in charge for four years and is well known, being a past president of the Life Agency Supervisors of Chicago.

State Health Plan Up Again

The action of the American Federation of Labor in endorsing the inclusion of government health insurance under the social security act has brought that issue again very strongly to the fore. The American Medical Association is strongly opposing the proposal. Strong efforts were made by certain organizations interested in social insurance to secure the adoption of a bill for state health insurance by various state legislatures at the 1935 session. It is considered quite probable that they will now get behind the proposed federal program.

A. & H. Week Committee to Meet

A meeting of the general committee in charge of 1937 Accident & Health Insurance Week will be held at the Hotel McAlpin, New York City, Jan. 29. This will probably be the last meeting of the full committee, when final arrangements will be completed for activities in April.

Van Bree Named Manager

Ivan A. Van Bree has been appointed manager of the life, accident and group insurance department of the Travelers' newly established branch office in the Lincoln building, New York City. He

Doctor Asks Cancellation of Policy Because He's Ill

Believe it or not (with apologies to Ripley), here is one for the book:

The Philadelphia branch office of one of the largest casualty companies recently sold an accident and health policy, carrying \$75 a week indemnity, to a physician. Much to the amazement of the underwriter, after the policy had been out about three weeks, it was sent back by the doctor with a note to the effect to please cancel the policy for the time being, as he was suffering from a sore throat, and that he would take out the policy as soon as his illness was over.



KEEP UP Your Accident Insurance

after you have reached the age at which the usual accident insurance companies will no longer continue—

OVER-AGE ACCIDENT INSURANCE

is obtainable up to eighty years of age—for men and women.

Accidents occur more frequently after the age of sixty-five years and are usually more serious.

Send for full particulars—now!

A. F. SHAW & COMPANY, Inc.
INSURANCE EXCHANGE CHICAGO WABash 1068

BIG BROTHERS

RESPONSIBILITY as well as honor goes with the C. L. U. degree. That John Hancock holders of the degree are not content to rest on their laurels was signified in a recent pledge made by this group to act as "Big Brothers" to new men in the business, both in attracting them to it and in fostering their ambition, once initiated.

Such personal interest by good men in life insurance in making the calling attractive to other good men is one of the best means of building a stronger agency personnel. In every profession, leadership is characterized by a live interest in bringing along new blood. Life insurance leaders, whether or not they are members of the C. L. U., have this sense to a high degree.

John Hancock
MUTUAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

was formerly an assistant manager at the 55 John street branch. The branch in the Lincoln building is the second opened in Manhattan by the Travelers within two months. In November the company established an office in Rockefeller Center with John T. Henderson as manager.

Licensed in 40 States

LOS ANGELES, Dec. 23.—The new Pacific Mutual Life is now licensed in 40 of the 42 states where the old company operated, North Carolina and Minnesota being the only states holding back licenses.

The Los Angeles grand jury has refused to vote indictments against officials of the old Pacific Mutual Life in a probe centering around alleged misuse of \$527,000 of corporation's fund.

Dixie to Start in February

The Dixie Life & Accident, which was organized in Little Rock last April with \$100,000 capital, will probably begin business in February, according to Ben D. Brickhouse, former Little Rock mayor who is one of its organizers. Articles of incorporation have been filed

with the Arkansas insurance department. Hardin Bale, J. H. Hollis, R. G. McDaniels and George H. Burden are among the organizers. It will write life, health and accident.

Los Angeles Honorary Members

LOS ANGELES, Dec. 23.—At a meeting of the Accident & Health Managers Club of Los Angeles, Walter Gastil, manager Connecticut General Life; G. F. Houghton, Hartford Accident, and I. O. Levy, Behrendt-Levy Agency, were elected to honorary membership. A committee was appointed to arrange details of the annual dinner-meeting of the club, to be held Jan. 19.

New Pittsburgh Company

Milton Weinman is president of the Family Income Mutual Casualty, Pittsburgh company, which was recently organized and has been licensed in Pennsylvania. The vice-president is S. M. Arter; secretary, T. A. Clifford; assistant secretary, M. J. Winfield; treasurer, Harry Pollock; general counsel, Frank R. S. Kaplan.

Ohio Hospital Mutual Chartered

The Ohio Hospital Mutual of Orville, O., has been granted a charter. Its purpose is to provide limited mutual protection for hospital expense. G. R. Kail and others are the incorporators. A charter previously submitted was not approved because the official setup did not comply with Ohio laws.

New Oklahoma Company

The Oklahoma Mutual has been licensed in Oklahoma City to write accident and health business. Paul B. Kooser is president and Mrs. Kooser, his wife, secretary.

Unrealized Group Opportunity Open

(CONTINUED FROM PAGE 27)

grant under the social security act provided by joint action of the federal government and the state should be increased to a maximum of \$50 per month with the elimination of the means test," he said. "Any one analyzing this whole situation would realize that if there could only be a grant from the states and from the federal government dug up out of interest resources or created out of some magic government, it would be a grand thing to have substantial monthly payments go to all the old folk without qualification.

"But the facts are in the absence of any such resources, these grants can only come from the toil and production of the workers themselves and therefore, represent a sacrifice of the workers which must definitely reduce the standard of living all under retirement age."

Danger in Even \$15,000,000,000 Fund

Another danger about the plan at the present setup is that the reserves are estimated as mounting to \$47,000,000,000 in 1980, Mr. Graham said. Even the accumulation of the \$15,000,000,000 fund originally proposed for the act would be dangerous and unnecessary, he warned, adding that it is to be hoped that no such fund will be accumulated and that the act will be so administered to keep down the contributions to something resembling a pay-as-you-go basis.

Mr. Graham revealed that premiums received by the Equitable for each of the group coverages—group life, accident and health, and accidental death and dismemberment insurance, hospitalization benefits and group annuities—are at a new high this year and he expressed the belief that this is generally true of the other group-writing companies. This indicates an answer to the question often asked as to what effect the social security legislation will have upon insurance, he said.

"It is to be remembered that the social security act, while representing bene-

fits based on a fairly generous percentage of the first \$100 of earned income, grades this benefit down rapidly for addition to this income and provides no benefits for any part of a salary or wage exceeding \$250 a month," he pointed. "This leaves a field that can only be adequately covered by private group contracts with insurance companies." He added that one out of every three workers covered under the federal social security retirement provision is also covered by group life insurance for approximately a \$1600 average and that today \$100 out of every \$1000 of the huge sum of insurance money going back to beneficiaries is represented by group life insurance.

Commenting on the proposed amendment to the social security act which will be brought up at the next session of Congress and which would exempt from the operations of the act retirement annuity plan as generous and as well secured as the government's, Mr. Graham explained that this would leave an option for those who prefer private plans to government plans while without the amendment the act has the weakness of excluding insurance companies from a corner of the insurance field in which they have blazed the trail for employer and employee contributory old age benefits in this country, while with the amendment the act has the merit of being supplemental to and not destructive of existing insurances. He pointed out that private plans underwritten by life companies can readily be adjusted to dovetail with government insurance.

Pays Tribute to Insurance Agents

Mr. Graham paid particular tribute to the "splendid body of men and women constituting the alert and able field forces of the insurance companies."

"Many who have taken out insurance are disposed to do that human thing of viewing the act as having been engendered by their own unprompted vision," he said. "That may be so, but if the history of the United States in the widespread use of insurance is a criterion, the efficient American agency organization as compared with those of other countries must be credited with a considerable part of the impressive results obtained to date in providing social security for our people."

F. U. A. P. Annual Meeting Program Is Now Completed

(CONTINUED FROM PAGE 3)

presidency next year, is the popular J. K. Woolley, manager of the Washington Rating Bureau of Seattle. Joy Lichtenstein, Hartford Fire, who has served the association as vice-president the past year, will be elected president to succeed Mr. Simpson.

H. B. Mariner has been renominated for secretary-treasurer of the F. U. A. P., which office he has held since 1931. Nominations have been announced for the educational committee of the Fire Underwriters Association of the Pacific to be elected at the annual meeting in February. Walter Van Orden, Pacific Factory Insurance Association, is slated to succeed Elmer W. Bonstin, Pacific National Fire, as chairman. Members nominated are W. G. Rich, Royal-Liverpool group, and Gordon Arter, Fireman's Fund.

Study New Draft of Illinois Code

(CONTINUED FROM PAGE 3)

the profit on the participating. Registration of life policies follows senate bill 11, the last form of the old code. Fraternal benefit sections follow the present law, recently enacted. Mutual benefit associations are covered as in senate bill 11.

On accident and health, group insurance practice is clarified. There is very little change on casualty insurance, but

bankers' blanket bonds are fully provided for.

The law on agents and brokers is unchanged.

Under the new code domestic stock companies must start with a surplus equal to 50 percent of the minimum capital.

Discretionary powers lodged in the director of insurance are much less than in the former code.

Capital Requirements by Classes

Title companies are brought under the insurance code. The classifications of companies are: Class 1, life, accident and health; class 2, casualty, fidelity and surety; class 3, fire and marine; class 4, title guaranty. Companies are to be classified according to these classifications and any second or third class company with sufficient capital can be authorized to transact any kind or kinds of business enumerated in classes 2 and 3.

The capital requirement for a company writing life insurance is \$100,000 and for one writing accident and health insurance \$100,000, while for a company writing both life and accident and health the requirement is \$200,000.

Casualty, fidelity and surety companies writing all classes except compensation and fidelity and surety require \$200,000; companies writing compensation or fidelity and surety, \$200,000; liability and compensation, \$200,000; all casualty, fidelity and surety classes, \$300,000; and any company wishing to write all casualty lines and all fire and marine lines must have \$500,000. The requirements for fire and marine alone, without casualty or surety, is \$200,000. The minimum for a title guaranty company is \$200,000.

Bonds from Promoters

In addition to the required capital a company at the time it secures its certificate of authority must have a paid in surplus of not less than 50 percent of the capital.

Incorporators of insurance companies are required to furnish two bonds in favor of the state of Illinois, for \$10,000 each. One bond covers costs that may be incurred by the state by reason of any legal proceedings for liquidation or dissolution of the company. The other will be for the use and benefit of subscribers, shareholders and creditors. In lieu of such surety bonds the incorporators may deposit \$20,000 in cash or securities of the United States or of the state of Illinois.

A mutual life, accident and health company must have \$300,000 surplus, or \$150,000 for either life alone or accident and health alone.

Lloyds Allowed Unusual Coverages

Reciprocals and domestic and foreign Lloyds are not much changed, but alien Lloyds, meaning Lloyds of London, can be authorized only to engage primarily in making insurance covering unusual, extraordinary and special hazards, including excess or reinsurance risks, not readily obtainable from other companies.

Companies from outside the state must have their minimum capital and surplus and required reserve invested in securities or property which afford a degree of financial security equal to that required for similar domestic companies, although the limitations on the kind or amount of securities for domestic companies will not apply to the outside concerns. This clause is expected to rouse some opposition.

New Michigan Truck Agency

LANSING, MICH., Dec. 23.—The Foster Service Corporation, just organized here, with offices in the Olds Tower, will in agency business lay particular emphasis on property damage and public liability coverage for truckers, according to J. C. Foster, local attorney and former state senator, who is one of the incorporators. Several of his brothers, including E. F. Foster of Mason, will be active in the organization, Mr. Foster said, but will not confine their activities to insurance matters.

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First Wisconsin National Bank Bldg.
Milwaukee, Wisconsin



Organized 1873



ACCIDENT AND CASUALTY INSURANCE COMPANY
OF WINTERTHUR, SWITZERLAND
111 JOHN STREET
NEW YORK

Statement January 22, 1936

ASSETS

U. S. Treasury Bonds and Notes	\$1,390,291.54
Other Bonds	484,505.00
Stocks	137,543.87
Accrued Interest	16,519.07
Cash in Banks	1,037,080.82
	<u>\$3,065,940.30</u>

All Securities taken at Market Value January 22, 1936.

LIABILITIES

Voluntary Contingency Reserve	\$ 365,940.30
Statutory Deposit, New York	850,000.00
Net Surplus above Deposit	1,650,000.00
Surplus to Policy Holders	<u>2,500,000.00</u>
	<u>\$3,065,940.30</u>

NEAL BASSETT

United States Manager

111 JOHN STREET, NEW YORK



A SALUTE TO THE STATE OF WISCONSIN



Wisconsin has 56,066 square miles..... 1.85% of the U.S.
 Wisconsin has 2,939,006 population..... 2.39% of the U.S.
 Wisconsin leads in the value of butter, cheese and milk products.

Wisconsin, the "Badger State," has a long list of first rankings among the states for its diversified products. It cans more peas and raises more hemp than any other state, while the value of its creameries is second to none. Mining, fisheries and woodwork products give the State several outstanding industries.

The United States census of manufactures reports, for this State, 5,409 industrial plants employing 158,730 persons and products valued at \$824,039,868.

Plans for increasing Wisconsin's production of lumber are being studied.

Wisconsin was the first State to pass an Unemployment Compensation Act and the measure affects more than 400,000 employees.

Wisconsin insures, with the old established stock insurance companies, \$1,501,587,763 of its property values against fire and pays, annually, \$9,011,797—1.95% of the premiums of the United States.

American Equitable Assurance Company of New York

Organized 1918 Capital, \$1,000,000.00

Globe & Republic Insurance Company of America

Philadelphia, Pa. Established 1862 Capital, \$1,000,000.00

Knickerbocker Insurance Company of New York

Organized 1913 Capital, \$1,000,000.00

Merchants and Manufacturers Fire Insurance Company

Trenton, N. J. Chartered 1849 Capital, \$1,000,000.00

New York Fire Insurance Company

Incorporated 1832 Capital, \$1,000,000.00

Sussex Fire Insurance Company

Newark, N. J. Incorporated 1928 Capital, \$1,000,000.00

Corroon & Reynolds

Incorporated
MANAGER

92 William Street

New York

One of a series designed to acquaint insurance men and insurance buyers with a few facts about our country.